Magical or monstrous? Hybridity in social housing governance: Understanding market oriented reforms of social rental housing

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MAGICAL OR MONSTROUS?
HYBRIDITY IN SOCIAL HOUSING GOVERNANCE
ABSTRACT

While a growing number of national social housing strategies rely on the work of hybrid entities blending social and commercial tasks, the state/market dualism continues to dominate the conceptual landscape of housing research. This exploratory paper develops a conceptual approach to support research into the role of not-for-profit social entrepreneurs in the housing market. It looks for insights within their 'hybrid' status, spanning state and market, and subject to multiple sets of institutional conditions. Four frames of hybrid identity are developed, and then substantiated via a discussion of two different sectors of not-for-profit social entrepreneurs in Australia and the Netherlands. As the growth trajectory of each sector is traced and the construction of hybrid identity is explored from both public and private perspectives, institutional pressures are revealed that set the current context for development. This brings forth implications for existing conceptual tools, as well as directions for new research.

Key words: Comparative housing, social housing, social theory, social entrepreneurship, concept development, hybridity

INTRODUCTION

As long as housing is seen as ‘either state or market’, we will not be able to analyse the complex interrelation between state and market mechanisms in real-world housing.

(Bengtsson, 1995, p. 2)

Housing researchers face an ongoing challenge rooted in the nature of housing itself. Its status in the modern welfare state context as both ‘an individual market commodity’ and ‘a public good demanding state involvement’ (Bengtsson, 1995, p. 2) presents a complex institutional reality. To explore this complexity, researchers construct, recycle and deconstruct concepts in order to contain data and build theories (Sartori, 1970). The process is ongoing, with shifting empirics prompting new models of thinking (Kemeny, 1995 p. xiv).

A core concept in housing research is the dualism of ‘state and market’ or ‘public and private sectors’. Its power is far-reaching, with ‘state’ and ‘market’ recognised ‘as necessary analytical notions without which it is impossible to understand or describe modern life’ (Salamon & Anheier, 1992, p. 126). Within a housing context, this dualism supports differentiation between public and private actors and institutions. Citizen ownership, governance via elected officials and bureaucratic distribution, for example, contrast markedly with shareholder ownership, corporate governance and market mechanisms. From this process of differentiation, ideal types emerge, framing public perceptions. The state/market dualism also supports analysis of relationships between housing actors. For example, Bengtsson (1995, p. 4) grounds housing ‘policy theories’ in different configurations of state and market actors, including state only, state complemented by market, state corrected by market, market only and market complemented by state. Observing that housing’s role as a market good favours pursuit of social goals via market mechanisms, he posits a dominant policy theory in modern welfare states of market corrected by state.

While the state/market or public/private dualism retains currency, its explanatory power is limited in the face of change. In line with Bengtsson’s claim, national housing strategies rely increasingly on market corrections via private not-for-profit entities that transcend sector boundaries. They originate from varying national patterns of development. Two main patterns include subsidised mass growth of not-for-profit housing companies exemplified by the Netherlands and Sweden (see Priemus, 2008; Turner, 2007), and gradual transfers of funding or dwelling stock from government agencies to the not-for-profit sector, observable in England, the USA and Australia (see Bratt, 2009; Malpass & Victory, 2010; Milligan et al., 2009). Common to all these settings has been the more recent institutionalisation of not-for-profit housing providers as social entrepreneurs. Rather than relying on state subsidies, these organisations use limited state support to lever private development capital and to pursue commercial profits for social ends (see Mullins & Pawson in Billis, 2010).

The rise of these social entrepreneurs constitutes a significant change that remains academically under-explored. Efforts to understand this trend require new conceptual tools to sharpen the research focus. Changes also prompt re-evaluation of existing tools, such as theoretical models of national rental housing markets. Do they retain sensitivity to changing empirics?
This exploratory contribution aims to expand the conceptual basis for research into the rise of not-for-profit social entrepreneurs in the housing market. It departs from the notion that these organisations have many faces. Not-for-profits are alternately ‘scorned for evading the laws of the market-place’, and celebrated as ‘the locus of values, voluntarism, pluralism, altruism (and), participation’ (DiMaggio & Anheier, 1990, p. 153). Similarly, ‘like the elephant in the famous story of the blind men, different insights about the concept of social enterprise emerge as it is viewed from different perspectives’ (Cordes & Steuerle, 2009, p. 5). Insights into the identity of these organisations are thus sought within their ‘hybrid’ status, spanning state and market, combining public and private action logics, and subject to multiple sets of institutional conditions.

In this paper, four frames of hybrid identity are developed to guide research into the role of not-for-profit social entrepreneurs in the housing market. A discussion following two different sectors of these organisations, the small Australian sector and the mature Dutch sector, then provides an opportunity to substantiate the conceptual approach. As the growth trajectory of each sector is traced and the construction of hybrid identity is explored from both public and private perspectives, institutional pressures are revealed that set the current context for development. This brings forth directions for research and provides an opportunity to review existing theoretical tools.

The choice of empirical examples for discussion follows the logic that insights into the role of hybrid organisations arise as borders and boundaries are crossed. As organisations operating across state and market, not-for-profit social entrepreneurs epitomise hybridity (Brandsen et al., 2005a) (Billis, 2010, p. 15). By exploring sectors of these organisations within Australian and Dutch rental markets, the discussion encompasses extremes of hybrid identity. Characteristically placed at opposing poles in theoretical models, both markets are undergoing dynamic, border-crossing changes. Within what Kemeny would term a ‘dualist’ rental market, the embryonic Australian sector is being groomed for mainstream market activity, including moderate-income housing provision. In a ‘unitary’ rental system (see Kemeny, 1995), the mature Dutch sector is now called upon to curb its entrepreneurial activities and narrow its client base. In line with the aim of guiding new research, the contrasting cases hold value as a differentiated basis of evidence (see Oxley, 2002, p. 89). The first part of this paper lays out the conceptual tools used in the approach. It discusses existing tools, clarifies key terms, considers criteria for effective conceptualisation and develops a new approach. The second part applies this approach to an empirical discussion. A concluding section draws out theoretical implications and identifies directions for further research.

DEVELOPING HYBRID IDENTITY FOR HOUSING RESEARCH
Existing Conceptual Tools: Theories of the Development of Social Housing Markets
While international transfer of housing policies warrants understanding of the contextual implications involved, deep and systematic comparisons are rare (Oxley, 2002). To address this problem of ‘transferability’, or to support comparisons, researchers draw on the existing
literature. Studies by Harloe (1995), Kemeny (1995, 2001), Kemeny et al. (2005), which model different rental markets, are frequently cited in relation to contemporary cases. Harloe differentiates between social housing consumption in the form of the mass model, characterised by broad access, and the residual model, which limits access to those deemed ‘most in need’ (Harloe, 1995). Kemeny differentiates instead between policy structuring of cost and profit forms of rental (Kemeny, 1995, p. 178). In his dualist model, government co-opts and residualises cost rental, sectioning it off from the market, limiting it to those in high need, and promoting homeownership. His unitary model, by contrast, denotes competition between cost and profit rental. A final model, the integrated rental market, is based on harmonisation of cost and profit rents.

The models by Kemeny and Harloe are drawn upon to support classification of international social housing systems (see for example, Czischke, 2009). They also help frame debates regarding convergence or divergence of international housing policy contexts (see Gruis & Priemus, 2008). Despite superficial similarities, the causal assumptions underpinning the models differ significantly. Harloe maintains that housing is best seen as a key commodity and economic driver, rather than a pillar of the welfare state (Harloe, 1995, p. 3). Social housing must supplement, not supplant the for-profit market. Thus, the mass model of social housing, which poses ‘a challenge to core capitalist interests’ (p. 538) is best seen as a transitional economic strategy and not as a sustainable model of social welfare. On this basis, Harloe posits international convergence towards the residual model. In direct contrast, Kemeny comes at housing from a welfare state perspective, going so far as to argue, ‘it is time housing began to take its rightful place at the centre of welfare research’ (Kemeny, 2001, p. 68). He explores potential for state housing policy to strategically determine rental market dynamics. Stressing the potential for divergence of international social housing markets, he advocates pursuit of the ‘integrated’ rental market (Kemeny et al., 2005, p. 870).

While the two differing conceptual models continue to support comparative housing research, recent changes in social housing provision prompt re-evaluation of their currency. To what extent do they capture the dynamics of contemporary provision? Malpass & Victory, for example, argue that Harloe’s models fail to explain the continued remodelling of social housing, including processes such as privatisation (Malpass & Victory, 2010, p. 6). This contribution both draws on models by Kemeny and Harloe, and considers some aspects of their applicability to the present state of play, with a focus on the privatisation and marketization of social housing.

**Defining ‘Not-for-Profits’ and ‘Social Entrepreneurs’**

‘Not-for-profit social entrepreneurs’, an awkward composite term that helps to describe modern social housing provision is here unpacked and defined. In recent years, the term ‘not-for-profit’ has gained popularity over ‘non-profit’, in recognition of a growing reliance on profit-making activities within the sector. Salamon & Anheier complain of a ‘terminological tangle’ in defining the ‘non-profit’ sector, with terms such as ‘charitable’, ‘independent’, ‘voluntary’, ‘tax-exempt’, and ‘non-governmental organisation’ (NGO) emphasising certain attributes of the label and clouding its meaning (Salamon & Anheier, 1992, p. 128).
A general set of formal and informal conditions attached to private ‘not-for-profit status’ is used in this discussion, with losses in ‘connotative precision’ compensated by gains in ‘extensional coverage’ (Sartori, 1970, p. 1035). First and foremost, not-for-profit status is acquired on the basis of a formally instituted social mission, be it charitable or more broadly prescribed. Further, a legal constraint placed on the distribution of profits to owners is in place to promote adherence to this mission. There may also be constraints on commercial ventures unrelated to the social mission. In return, not-for-profits receive state support such as tax-concessions, subsidies, cheap credit or low-cost land. Hand-in-hand with this support comes public accountability, instituted via both formal regulatory requirements and informal societal expectations.

An entrepreneur ‘sets up a business or businesses, taking on financial risks in the hope of profit’ (Concise Oxford Dictionary, 2001). Modified by the term ‘social’ it becomes a catchphrase returning 8,700,000 hits on Google, yet it lacks a widely accepted formal definition. A common reading of ‘social entrepreneur’ is an entity ‘using the disciplines of the corporate world to tackle daunting social problems’ (Eakin, 2003). This is consistent with the notion of a social enterprise channelling commercial profits to fund social projects in the field of housing.

Criteria for Concept Development
Sartori describes concepts as both data containers and as the building blocks of theories (Sartori, 1970). What then, are the attributes that enable concepts to fulfil these functions? Before the concept of hybridity is developed as an approach to the research focus, some basic criteria for effective concept development are considered.

Following Deutsch, Salamon & Anheier (1992, p. 136) cite economy, significance and predictive powers as criteria for concept evaluation. ‘Economy’ refers to the ability to simplify and order reality while staying true to its form. ‘Significance’ signals the ability to highlight attributes relevant to current debates, so that a new conceptual construct reverberates with others around it. ‘Predictive powers’, a more complex criterion, is not about predicting causal pathways. Rather, it is achieved by concepts that bring forth hypotheses, lending momentum to new research. A further indicator of this predictive quality is ‘rigour’, or travelling power for future use. Hybridity as a conceptual approach to the research problem should thus be able to capture its defining elements, highlight crucial issues arising from it, bring forth ideas for new research, and be applicable to new cases.

Hybridity as a Conceptual Approach to Social Entrepreneurs in the Housing Market
Brandsen et al. (2005a p. 6) define hybridity within a governance context in terms of organisations and ways of working that cross-cut ‘state, market and civil society’, blending ideal types, cultures, co-ordination mechanisms or action logics. Along with a number of other studies, they explore the concept of hybridity as an approach to not-for-profit, or ‘third sector’ identity (see also Billis, 2010; Czischke et al., 2010; Mullins & Pawson in Billis, 2010). From these studies emerges a dilemma. Is hybrid identity best defined loosely to reflect ambiguity
and fluidity? Or should researchers pursue a tighter definition, classifying sub-types and mapping their attributes?

Highlighting the risks of ‘stumbling into hybridity’ (Billis, 2010, p. 17), Billis makes the case for a more rigorous definition. Rather than relying on simplistic interpretations such as the mere association of hybridity with the blurring of boundaries, he argues that ‘practice, policy and theory now have an urgent need for a tougher conceptual approach to the phenomenon’ (p. 3). He presents a model of nine hybrid zones overlapping public, private and civil sectors, between which organisations may rapidly shift (pp. 57 – 58). While they stress the interpretive nature of their findings, Czischke et al. (2010) make a similar attempt to build conceptual rigour by gleaning components from existing third sector classifications to fit the housing context.

Brandsen et al. display less confidence in the potential for researchers to pin down the identity of ‘third sector organisations’. To illustrate the challenges involved, they draw on the notion of hybridity, while acknowledging the ambiguity and fuzziness that surrounds it. Arguing that hybrid organisations are ‘difficult to identify on the basis of traditional concepts’, they advise that we should ‘accept and understand them as they are, not in terms of static ideal types’ (Brandsen et al., 2005a, p. 760). They illustrate this idea with the example of the Griffin, calling it a ‘fantastic creature that can only be described in terms of its constituent parts, which by implication means that it has no clearly defined identity of its own’ (p. 759). Turning instead to the chameleon, which adapts to changing surroundings whilst retaining a distinct identity, they position hybridity and change as core to third sector identity. Hybrids, they argue, might best be classified ‘by their strategies, as methods of adaptation to conflicting demands’ (p. 759).

The conceptual approach developed below aims to strike middle ground between classificatory power on the one hand, and sensitivity to change on the other. It rests on two assumptions. First, counter to the idea that ‘hybridity can be described only in terms of the elements it is built from’ (Brandsen et al., 2005b, p. 1), it repositions hybridity as a locus of strong and distinct meanings. Viewed thus, the Griffin is more than part eagle, part lion. By blending qualities of the king of the air and the king of the land, it spans Heaven and Earth, signifying divine power (Eason, 2008, p. 83). Thus, its meaning \( (A + B = C) \) far transcends the sum of its component parts \( (A + B = AB) \). A second assumption is that hybrid identity shifts according to the perspective taken, with different readings competing for dominance.

**Four Symbolic Interpretations of Hybridity**

Over time, the concept of hybridity has amassed layers of meaning through expansive use. Characteristically used in biology, the label ‘hybrid’ is applied to an increasing range of heterogeneous products, systems and entities, from cars to musical genres to forms of governance. Hybrid creatures feature as prominently in contemporary popular culture as they do in ancient mythology. The approach taken here draws these different layers of meaning together with the rhetoric surrounding the role of not-for-profit social enterprises in the housing market. It identifies a series of ideal-types used to frame hybrid identity in different ways. These ideal-types may symbolise strategies, mark empirical shifts, or help to decode existing processes of political framing.
Hybridity as a state of transformation. The frame of transformation echoes the emphasis by Brandsen et al. (2005a, p. 749) on perpetual adaptation as a hybrid trait. In a governance context, it signals the blurring of sectoral boundaries as state/market configurations shift, along with funds and responsibilities. The frame of transformation is grounded in mythology, wherein shape-shifters signify both dualisms and the transitions that bridge them. Just as a mermaid shape-shifts to cope with the transition between water and land (Bell, 1991, p. 322), a not-for-profit may turn entrepreneurial in the face of funding cutbacks. Brandsen et al. explore this frame through Ovid’s transformation of Arachne into a spider. Noting that she retains her identity as a weaver—and thus her integrity, despite change, they suggest that this same ability to evolve whilst keeping defining qualities intact may offer a key to understanding third sector organisations.

While transformation may be a valid lens through which to view the hybrid form, it leaves much to be explained. It does not account for stable hybrid arrangements, nor does it reveal the causes of change. To return to the example of Arachne, her transformation into a spider was neither voluntary, nor a coping strategy. Rather, she was bound to a new form as a punishment for pride. Thus read, the frame of transformation suggests transgression and reform. Clearly, a satisfactory explanation for continuing organisational change must run deeper than the notion of shifting funds and responsibilities. What other facets of hybrid identity might help explain these processes of change?

Hybrids as links between cultures. From the foreign origins of the Sphinx and Chimera, hybrid creatures of Ancient Greek mythology (see Burr, 1993, p. 273), comes a second frame of hybridity. It positions hybrids as cross-cultural icons or links between cultures. The not-for-profit sector thus becomes an agent of cross-pollination and institutional mediation, helping government to connect with local networks, enlisting for-profit partners and laying the cultural foundations for ongoing relationships. ‘It is possible that in bouncing between different environments, hybrid organisations may serve to transfer elements between those environments’ (Brandsen et al., 2005a, p. 8). The frame of links between cultures also manifests
within the socio-cultural ‘grassroots’ value attached to the not-for-profit sector. Billis (2010, p. 10) taps into this dynamic, attributing the public appeal of hybrid organisations to their ability to mobilise communities around a problem, identify needs, offer ‘joined-up services’ and promote volunteering. Yet alongside this positivity lurks the ever-present question as to how hybrid organisations may develop and adapt (like Brandsen et al.’s chameleon) without losing touch with community roots. Does grassroots appeal limit potential for growth?

Hybrid vigour. The concept of hybrid vigour or heterosis, which describes the inherent strength of hybrid organisms, makes a compelling frame of hybrid identity underpinned by stories of powerful and magical creatures like the Griffin and the Centaur (see Burr, 1993, p. 60). The prospect of obtaining a better or stronger individual by combining the virtues of its parents relates well to a governance context, with hybrid organisations often idealised as super-blends of ethical drive, professional acumen and practical know-how. ‘Hybrid vigour’ permeates the
rhetoric surrounding the minimisation of the state and the resulting shift towards ‘governance’ of social housing outcomes delivered via the not-for-profit sector (see Rhodes, 1996, pp. 653 and 667). Here, the hybrid form takes on a distinct, even magical identity, with innovative new partnerships based on legal and economic advantages, leading to ‘institutional complementarity’.

As evidenced in biology, with some crossbreeds proving to be weak or infertile, hybrids are by no means inherently powerful. The cross-sectoral action characteristic of hybrid organisations carries multiple risks, revealing ‘vulnerability’ as the flipside to hybrid vigour. Hybrid organisations must straddle different sets of rules, draw on diverse sources of support, and invest in multiple forms of accountability.

Hybridity as a transgression. A further aspect of hybridity is rooted in the etymology of the term. Derived from the Latin word ‘hybridia’ (itself from the Greek hubris), hybridity denotes ‘the offspring of a tame sow and wild boar’—two progenitors amusingly reminiscent of the state and the market. The term ‘hybrid’ may thus be interpreted as ‘an outrageous miscegenation’ (The Concise Oxford Dictionary, 2001 p. 695). In a competitive economic context premised upon the dichotomisation of market and state, the flexibility of hybrid status, which blends ‘action logics’ and combines social and commercial functions, may be read as duplicitous, unjust or threatening. Thus viewed, hybridity takes on monstrous qualities, with hybrid organisations positioned as transgressions of the binary opposition of state and market.

Figure 1.

The frame of transgression also resonates from a public accountability perspective. The recent British government culling of quangos (quasi non-governmental organisations) provides an example, with government decrying its predecessor for ‘putting important decisions into the hands of unelected quangocrats’ (The Conservative Party, 2010).

Having developed these four frames of hybrid identity, the task remains to put them to work within a housing context and give body to this conceptual approach. This is done
through a discussion of not-for-profits institutionalised as social entrepreneurs in Australian and Dutch housing markets. By tracing the growth of each sector and exploring the construction of hybrid identity from both public and private perspectives, the discussion highlights the institutional pressures that set the current context for development.

AUSTRALIAN AND DUTCH SOCIAL HOUSING PROVISION: 
THE GROWTH OF NOT-FOR-PROFITS AS SOCIAL ENTERPRISES 
AND THE CONSTRUCTION OF HYBRID IDENTITY

Comparing Social Housing in Australia and the Netherlands

In the decades following the Second World War, 90 per cent of Australian adults passed through homeownership (Beer et al., 2007, p. 13). While homeownership remains the dominant tenure, at 68–70 per cent of households, a 400 per cent rise in house prices over the last 20 years has pushed it out of the reach of many. Households in the private rental sector (21–25 per cent) suffer low tenure security. An estimated shortage of 493 000 dwellings that are both affordable and available to low-income tenants has led to tough conditions for renters, which are heightened in urban areas. Social housing stands at just 5 per cent of dwellings (National Shelter, 2010). In the very different housing policy context of the Netherlands, housing problems are similar. A general shortage of housing that meets contemporary needs is amplified in certain locations. House prices have tripled over recent decades, and despite policies favouring homeownership (now 57 per cent of households), it is slipping out of the reach of many. In both the for-profit private rental sector (11 per cent of households) and the large social housing sector (32 per cent) demand is high, leading to illegal social sub-markets, soaring rents in ‘free-sector’ dwellings and severe shortages in urban areas (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer, 2009, p. 151).

While contrasting tenure patterns in Dutch and Australian rental housing do not make for easy comparisons, there is common ground worth considering. In line with the policy theory of ‘state correctives to the market’, private not-for-profits active in the housing market as social entrepreneurs are positioned within both countries as the preferred providers of social housing, with a key role in boosting housing supply. With both sectors in transformation, the Australian and Dutch examples reveal issues arising at opposite poles of Kemeny’s continuum of rental markets. In 2009, as the Australian Federal Government rolled out reforms to encourage not-for-profits into the market, the Minister of Housing described a need for more ‘large, commercially sophisticated not-for-profit housing organizations’ possessing ‘the flexibility and commerciality we need to transform our social housing system’ (Plibersek, 2009). That same year, when the Dutch Minister of Housing proposed a suite of reforms, he took a different tone. The large and sophisticated Dutch social-entrepreneurial sector had revealed an ‘Achilles heel’ in internal control. A better balance was needed between public accountability on the one hand, and autonomous social entrepreneurship on the other (van der Laan, 2009). These contrasting readings of hybrid identity prompt examination of the trend towards social entrepreneurship. What is driving it and how does it unfold within different policy contexts?
Australia

Large-scale public housing provision began in Australia prior to the Second World War as a means of spatially aligning labour and industry. Despite a surge in provision during and after the war, sometimes referred to as the ‘golden era’ of Australian public housing (Hayward, 1996, p. 29), private housing investment was eventually prioritised and public housing remained a minor tenure (Beer et al., 2007, p. 13). Significant sales of public housing stock occurring from the 1950s have led to the characterisation of Australian authorities as ‘reluctant landlords’, unwilling to engage in large-scale development except in instances where public housing is required to support industrial growth (Hayward, 1996). During recent decades, other ‘measures to suppress public renting’ (Kemeny, 1995, p. 111), such as surplus-generating rents and use of surpluses to pay housing allowances, have accompanied residualisation of the sector. This process culminated in 2005, when the state of New South Wales ended secure tenure for new tenants and made renewal of leases subject to demonstration of continuing need. While it remains a crucial source of support, Australian public housing is now formally entrenched as a ‘landlord of last resort’ in a policy context consistent with Kemeny’s ‘dualist’ model. However, when the ‘dualist’ label is applied to a broader sector now repackaged as ‘social housing’, does it still fit? In 2009, when the Nation Building Economic Stimulus Program provided funding for new public dwellings, construction occurred under the proviso that stock would soon be transferred to the not-for-profit sector. These new assets would lever private development capital and support entrepreneurial projects aiming to deliver ‘affordable’ social housing to medium income households.

The growth of the not-for-profit sector. The Australian not-for-profit (community) housing sector has grassroots origins, formalised by top-down government programs from the late 1970s (Bisset & Milligan, 2004 p. 12). The Community Housing Federation of Australia now represents over 2000 organisations across the country. Varying estimates place their rapidly growing portfolio at less than 100 000 dwellings (see National Shelter, 2010). Top-down initiatives contributing to the sector’s growth have framed hybrid identity as ‘links between cultures’, emphasising mediation and cross-pollinating powers. A 1993 government-commissioned study reasons that non-profits ‘being less formidable (than government) and more in touch with community and assistance agencies, should fill a gap’ (Mant, 1993, p. 1). It takes note of a further advantage of the community sector in its ability to connect government to new sources of funding. An Australian academic study taps into this rhetoric: ‘Increasingly non-profit community services are centrally implicated in mediating the type and quality of relationship between the state and its citizen/subject’ (McDonald & Marsten, 2002, p. 377).

In the 1990s, the Federal Government positioned the not-for-profit housing sector as ‘a true competitor for public housing’ and required the states to plan for its growth. In a manner consistent with Bengtsson’s policy theory of ‘state corrected by market’ (Bengtsson, 1995), the term ‘social housing’ crept into the discourse to blur the boundaries between public and community housing responses, minimising political risks associated with state administration of a market good. When a new Federal Government redirected funding to private rental subsidies, state authorities shifted stock to the community sector, where tenants could access
this significant stream of financial support. While not-for-profits were growing, they owned only half of the stock they managed, and remained dependent on government grants and concessions linked to Charitable or Public Benefit Institution (PBI) status under Australian Taxation Law (CFHA, 2009).

Instituting social entrepreneurship. From the beginning the 21st century, supply-side intervention through the not-for-profit sector was favoured. Housing affordability had emerged as a problem affecting a wide range of households. ‘Affordable’ rental housing for moderate-income households and key workers (on a smaller scale than in Harloe’s ‘mass’ model) gained political currency. But how could supply-side assistance for these mainstream groups be delivered? Within the context of an ideological shift in public service provision towards ‘governance’ of privately provided services, state housing authorities announced accelerated programs of stock transfers to the not-for-profit sector. While the rate of transfers actually occurring failed to match the intensity of the rhetoric around this new mode of privatisation, the approach formed the cornerstone of growth strategies. Planned expansion of the sector would come from providers’ own assets and borrowings, with government investment providing a lever. So began the government push for not-for-profit social entrepreneurship in the housing market.

To further this approach a new frame of hybrid identity was needed. The catchphrase ‘community sector partnerships operating commercially to deliver public value’ captures this period’s growing reliance on the frame of ‘hybrid vigour’, wherein arrangements blending state and market action logics lead to better ways of meeting mainstream housing needs. In the 2007 lead-up to a Federal election, the Howard Government Housing Minister announced a sudden policy shift. Public housing funding was to be reallocated via competitive tenders to applicants across sectors with proposals for affordable housing. Evoking ‘hybrid vigour’ in the form of a magical relationship between cross-sectoral action, innovation and rapid outcomes, he declared:

Let’s open it up to innovation, let’s see over the next two months what industry can come up with, what the NGOs can come up with, what councils and the states can come up with – I think we’ll be pleasantly surprised as to how much innovation can be achieved, how much leverage that can provide…and at the end of the day, that means families with roofs over their heads (Fraser & Maley, 2007).

Following a change of government, the new Minister of Housing placed the same emphasis on hybridity, synergy and rapid results. Leaning on the frames of ‘links between cultures’ and ‘hybrid vigour’, she outlined a ‘vision for the way forward’, with not-for-profits as the glue within partnerships that ‘play to the strengths of the respective players’ (Plibersek, 2008). Describing ‘large, commercially sophisticated not-for-profit housing organisations’ as ‘the centrepiece of the Government’s reform agenda’, she expressed hope that more would emerge, ‘operating in different markets—including across State borders—providing a range of housing products for low and moderate income Australians’ (Plibersek, 2009). As the director of one of the fastest growing community housing organisations explained:
We build housing just like as any other builder and developer would, but rather than passing profits through to shareholders, we can retain those and plough them back into producing more housing (Werden, 2008).

A key program for growth of the sector is the National Rental Affordability Scheme (NRAS), launched in 2008. Via annual incentive payments, the NRAS sets out to bring together for-profit and not-for-profit investors and developers to achieve rapid, large-scale outcomes in the form of 50,000 new dwellings by 2012, and a further 50,000 dwellings subject to demand. These must be rented to eligible tenants at 20 per cent below market rates for a 10-year period. The scheme is itself a hybrid creation that takes considerable risks with international policy transfer. It resembles a ‘lite’ version of the US Low-income Housing Tax Credit (LIHTC), reliant on capital gain, and lacking long-term use requirements. In the absence of regulations compelling banks to invest locally, it faces a challenge in securing funds. Unlike the LIHTC, the NRAS will be administered by a centrally regulated not-for-profit sector (as in the British model) with ex-public assets shouldering market risks. It will target a broad client group, more reminiscent of Dutch or Swedish social housing systems.

While the public sector construction of hybrid identity leans heavily on the frame of ‘hybrid vigour’, concerns raised by non-government stakeholders in the NRAS highlight vulnerability as the flipside of its hybrid identity. Perceived points of weakness are often attributed to ‘competing institutional logics’ (see Mullins, 2006). In line with the ‘links between cultures’ frame, community housing associations concerned that rapid growth could compromise local connections evoke the familiar conflict between ‘scale and efficiency and local accountability’ (Mullins, 2006, p. 6). In the words of one industry stakeholder: ‘We don’t want to become a commercial animal’ (Stakeholder interview, 2008). Academic and housing industry studies stress the not-for-profit sector’s lack of development experience (Milligan et al., 2009).

From a private for-profit perspective, hybrid identity in the Australian housing market takes on a different face. A Property Council of Australia submission on the NRAS emphasised the gap between state and market housing agendas, and protested the inclusion of low-income households, ‘it is inappropriate to expect institutional investors to take on high risk public housing tenants’ (Property Council of Australia, 2008, p. 12). A conflict between the social need to house low-income people and the market need to secure investment had become apparent. More serious objections came from an economic legal perspective. Several months into the implementation of the NRAS, the Australian Tax Office issued a sudden warning. Non-profit participants already up and running with projects faced loss of their charitable status on the grounds that moderate-income housing provision transgressed the requirement of limiting activities to poverty relief. In pushing for social-entrepreneurship in housing provision, government had overlooked this part of the deal. The hybrid NRAS scheme had tripped on its own institutional foundations.

In response, the Federal Government passed a ‘temporary legislative extension to charitable purpose’ allowing community housing organisations to continue their NRAS projects. Further correspondence from the Tax Office questioning whether the social housing classification ‘low-income’ qualified a household as ‘poor’ enough to receive charitable assistance made a
longer-term solution seem unlikely (CHFA, 2009). Yet a recent turn of events offers hope. In a ruling unconnected to the field of social housing, the High Court held that any commercial activities carried out by a charity would be considered charitable as long as profits were directed to its charitable mission (Australian Federal Treasurer, 2010). It seems the definition of charity has now been stretched to encompass the primary requirement of social entrepreneurship.

Institutional challenges. In the current context of Australian housing development, hybrid identity is cast in a positive light. Mass media celebrate the rapid growth of not-for-profit social entrepreneurs, proclaiming ‘community housing is big business’ (Werden, 2007). Yet beneath this stream of positivity, considerable divergence between public and private perspectives on hybrid identity gives cause for concern. While moderate-income housing has long been a small part of the business of community housing organisations, the government quest for hybrid vigour through the large-scale NRAS has brought this side of their work under the spotlight as a transgression. With the requirements of Kemeny’s dualist rental market written into taxation law, the decision to pursue models of provision normally found in a ‘unitary’ policy context at first seemed fraught with risk.

Despite the surprise ruling allowing charities to carry out commercial activities, not-for-profit participation in the mainstream market is still at a small scale. If realised, the government’s vision of large, commercially sophisticated social entrepreneurs is likely to require other forms of compromise between social and commercial interests in the housing market. Social norms, such as the mantra of assisting those in ‘highest need’ may continue to enforce the state/market dualism. With social housing tenants stigmatised as a financial risk, finding the investment partners to realise the vision may be difficult.

The Netherlands

The Dutch constitution sets out ‘the promotion of adequate housing opportunities’ as ‘the subject of government care’ (Article 22, Clause 2). True to this provision, government has generally acted as a promoter, rather than as a direct provider of social housing; yet for substantial periods of time it has done so in a manner that responds to mainstream needs. In the Netherlands, Kemeny et al. (2005) find an example of a unitary rental market, defined by a lack of ‘barriers preventing non-profits from competing with for profits’ and an ingrained acceptance of the social market philosophy. While the presence of cost rental does influence rents, dualisms in the rental market are apparent, with properties outside the social market attracting high rents due to under-supply.

The growth of the not-for-profit sector. Dutch social housing emerged from a pillarised system of political and religious groups that provided housing, labour unions and schools outside structures of government (Salet, 1999). Harloe identifies multiple sources of support for a private alternative to state housing arising as the need for social services grew at the turn of the 19th century. Resistance to state intervention in housing and education on the part of religious factions was one source. Efforts by workers’ organisations to take control of their own housing also provided support. Top-down charitable initiatives by a bourgeoisie needing to preserve class structures lent further momentum to the private approach (Harloe, 1995, pp. 25 – 29). An analysis of early
social housing tenure conditions concluded: ‘supervision, control, education and discipline were the basic concepts of the residential civilising process of the Dutch working-classes’ (Deben, 1989, p. 289). This drive to preserve existing social structures of class, trade and religion constructed hybrid identity in a manner that best fits the frame of ‘links between cultures’. The frame of transgression was also discernable in early efforts on the part of commercial entrepreneurs to protect their housing market share and keep state agencies out of the game. This provided a third source of support for a private alternative to state housing (Harloe, 1995, pp. 25 – 29).

The institutionalisation of housing associations via the Housing Act of 1901 began a hybrid system wherein financial and legal privileges were allocated by government in exchange for the fulfilment of social tasks. These arrangements expanded to a new scale of action when a severe post-war housing shortage prompted government to engage the sector in the implementation of a large centrally planned construction agenda. This hybrid relationship with housing associations facilitated large-scale housing development to meet mainstream demand. Despite their huge market share (a case of ‘state complemented by market’), housing associations had not yet become social entrepreneurs, and functioned more like government branch offices (AEDES, 2007). In the decades that followed, state support bound them to local or regional operations where they negotiated their own rules in the relative absence of commercial stimuli (Salet, 1999). During this time, the sector professionalised and developed the infrastructural foundations of its later role. The ‘Social Housing Guarantee Fund’ (WSW) was established to support asset management, along with the Central Fund for Housing (CVF), a redistributive fund for housing associations in financial stress. By the mid-1980s, not-for-profits were the primary producers of housing (Kemeny et al., 2005, p. 869).

Instituting social entrepreneurship. The transition to social entrepreneurship in the Dutch context occurred in the mid-1990s, in a policy context characterised by ‘government austerity, deregulation, market conformity, privatization and promotion of home-ownership’ (Priemus, 1996, p. 1981). Central government, burdened by rising operating subsidies, negotiated an exchange of the value of outstanding government loans for future property subsidy commitments (Priemus, 2008). In the years that followed, housing associations benefited from low interest-rates, rising rent-levels and soaring property values, emerging into this century as a network of asset-rich social entrepreneurs. They soon diversified their activities in the property market, advantageously combining the freedom of entrepreneurial risk-taking with the security of collective resources backed by state guarantees. In 1998, the CVF expanded its role to include financial supervision of the industry.

As owners of social housing and other assets, the approximately 450 Dutch housing associations that are active today have enjoyed a strong financial position since the reforms of the mid-1990s. Despite the fact that corporation tax exemptions have ended (Priemus, 2008), access to low-cost land and credit and other financial concessions continues to support the provision of key social services, including large urban renewal projects beyond the reach of government. With their hybrid form and collective infrastructure grounded in corporatist links, their scale a product of ‘mass’ social housing provision and their role as social
entrepreneurs opening up opportunities within a competitive market, contemporary Dutch housing associations embody the ideal of hybrid vigour.

While the Dutch social housing sector possesses all of the qualities Australian government strategies aim to cultivate, the grass on the other side of the fence is not always greener. Dutch housing associations’ control of massive social assets has become controversial from a public accountability perspective. Their failure to meet housing needs has earned them the label ‘sleeping giants’ (see Berkelder et al., 2003, p. 1), suggesting that growth has corrupted their community-based mission. Negative perceptions have led to media scrutiny over what they do and how they do it. High executive salaries, Maserati-driving CEOs and golden handshakes have made headlines (see Temminga, 2006; Vermeer, 2009). Risky commercial investment practices have been framed as representative of a hybrid identity synonymous with transgression (Stakeholder interview, 2008). A recently proposed policy response clips housing associations’ entrepreneurial wings, limiting the proportion of investment capital they may put into any commercial project to 33 per cent, with the rest to be provided by for- profits (van der Laan, 2009).

Heightening these internal pressures for reform is a formidable external pressure from the European Commission. As the former EU Commissioner explains:

If we think of the European economy as a football match, I set and enforce the rules of the game. We make sure it is a fair match and that there is punishment for people and companies that break the rules and spoil the game for others (Kroes, 2009).

As recipients of state-support, Dutch housing associations are viewed as having an unfair advantage in market competition, with formal complaints by Dutch for-profit investors adding momentum to the frame of transgression. Following a 2009 agreement between Dutch Central Government and the EU, housing associations are required to leave mainstream market activities to their for-profit peers and focus their efforts on households earning less than €33 000 (CECODHAS, 2010).

Institutional challenges. While Dutch housing associations continue to be valued as providers of core social services, the negative framing of hybrid identity from both public accountability and private market perspectives sets the context for future development. Having been framed as a transgression, the Dutch social housing sector is set to undergo a transformation.

Two main institutional challenges are apparent. The first lies within EU Competition Policy. In the words of one industry stakeholder, the EU ‘thinks in terms of either market or public domain. Anything in between is suspect’ (Stakeholder interview, 2008). A 2005 letter from the European Union to the Dutch Government states ‘letting homes to households that are not socially deprived cannot be regarded as a public service’ (Dormal Marino, 2005) and advises sale of any stock surplus to this core task. Having developed in a manner consistent with Kemeny’s unitary model, the Dutch social housing system now has to adapt to dualist institutional requirements. This has reinforced the construction of hybrid identity as a transgression of the state/market divide. Changes to the targeting of social housing set to take effect early in 2011 could take a toll. As the hybrid is pushed out of the mainstream housing
market, it is estimated that half a million households rendered ineligible for social housing will now be caught between a welfare system they cannot access and a commercial market they cannot compete in (CECODHAS, 2010).

A second institutional challenge lies in restoring a sense of legitimacy to the hybrid form as a social service provider, following transgressions on the public accountability front. One industry stakeholder explained: ‘In our case, it’s very difficult to define to whom we are accountable’ (Stakeholder interview, 2008). Having transcended both their community roots and their financial dependence on government, housing associations are private entities with core social responsibilities that bear significant private risks. Despite this, ‘if you ask the man on the street, he will say they are public’ (Stakeholder interview, 2008). While commercial autonomy must be balanced with public accountability, taking market risks does not always sit well with prudent stewardship of public assets.

CONCLUSIONS

This exploratory paper developed a conceptual approach to hybrid identity for research into the role of not-for-profit social entrepreneurs in the housing market. Through a discussion of the rise of these organisations within two different policy contexts, it examined the construction of hybrid identity from both public and private perspectives. This revealed institutional challenges shaping the context for development in each national setting, and provided an opportunity to review existing conceptual tools the light of contemporary empirics.

Kemeny’s and Harloe’s models of rental housing markets both confront an issue core to contemporary social housing provision: how the balance is struck between social and commercial interests in the housing market. From a private market perspective, Harloe’s findings help explain the challenges of negotiating terms for the market participation of social entrepreneurs. Kemeny’s welfare state perspective highlights the potential for state policy to shape housing markets in divergent ways, achieving the ‘hybrid vigour’ of harmony between social and commercial interests, or patrolling the borders between them.

Both perspectives reveal limitations. Reinforcing Malpass & Victory’s observation, Harloe’s models of consumption fail to account for the dynamics of privatisation and marketization (see Malpass & Victory, 2010, p. 10). Tensions in the Australian context between the dual objectives of accommodating low-income households and attracting private investment in social projects reveal that extending services to include some middle-income households has become a financial imperative for social housing providers. The migration of social housing provision into the private market thus prompts a revision of the residual and mass models. Kemeny’s models show a similar lack of sensitivity to privatisation. Since Kemeny made the claim that the advantage of electoral accountability has led to a preference over the ‘grass-roots model’ for ‘state-owned and state-managed cost renting . . . as a means of providing public rental housing that the private market has been unable to provide’ (Kemeny, 1995, p. 99), the tables have turned in favour of privately owned and privately managed affordable renting as a means of providing social rental housing that the state has been unable to provide. This may have implications for the feasibility of complex strategies such as the ‘integrated market’, which require strong powers of institutional design on the part of the state.
In light of these limitations, what can be gained from an approach that gives consideration to both state and market perspectives? Application of the four frames of hybrid identity revealed contrasting developmental challenges. The Australian Government is publicly courting hybrid vigour as a magical solution to the problems of a severely dichotomised housing market. A small community-based housing sector is positioned for rapid growth as a provider of low and moderate-income housing. Within a dualist policy context, institutional foundations for this more integrated approach now need to be developed. In the Netherlands, a mature not-for-profit housing sector is framed as a monstrous transgression from both public interest and private market perspectives. While a unique path of development has equipped the sector with powers that embody the ideal of hybrid vigour, it is now rendered highly vulnerable. Policy shifts in favour of a dualist model threaten to recast hybrid identity as a state of liminality, with hybrids relegated to the threshold between the domains of state and market.

These developmental challenges show that social entrepreneurship is not a super-blend, but a balancing act. The different, and sometimes incompatible sets of rules that apply to social and commercial pursuits require trade-offs to be made, and this means compromise. Grounds must be negotiated for the private market participation of hybrid entities in receipt of state support. Public accountability for their work must be instituted without diminishing their capacity for entrepreneurship. Based on this perspective, further comparative research will examine how this compromise between social and commercial goals is being negotiated within different types of rental housing markets. As dualist rental markets embrace social entrepreneurship, and unitary markets adapt to dualistic requirements, the institutional foundations for these changes, both formal and informal, will be examined. Inclusion of cases in between Australian and Dutch extremes will provide for deeper analysis and evaluation of hybridity in social housing governance. At a time when supranational economic requirements are being enforced, and international social housing policy transfer is on the rise, research of this nature will build understanding of the institutional conditions needed to support different policy approaches over the long term.
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