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

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SUMMARY

For much of the 20th Century, state agencies were central to the funding, planning and provision of welfare state services in Western democracies. Its final decades, however, were marked by radical reforms. The state took on a facilitative role, incentivizing private not-for-profit and commercial actors to fund and deliver programs of social assistance in education, income support, health, housing and other areas. While these reforms have often been rationalized in terms of complementary blends of social responsibility and commercial innovation, their differing international iterations and long-term impacts remain poorly understood. This study examines how market-oriented reforms have played out within the field of supply-side rental housing assistance, impacting variants such as ‘public’ and ‘social’ rental housing, and in some cases, giving rise to new streams of ‘affordable’ rental. It departs from the view that despite reforms, the dualisms of ‘state and market’ and ‘public and private sectors’ retain both empirical relevance and analytical power. Through comparisons made across different welfare states and at multiple levels of action, market-oriented arrangements for provision of social or affordable rental housing are explored as ‘hybrid’ constructs, working across the threshold of public and private sectors.

Hybrid organisations

The first phase of the research addresses the challenges of conceptualizing market-oriented reforms of social rental housing, focusing on the organisational level of action. Chapter One explores not-for-profit housing associations as hybrid organisations. Increasingly active as social enterprises, their activity spans state and market and is subject to multiple accountabilities. Four ideological frames that are prominent in housing policy rhetoric are first identified and then used to provide insights into the changing identities of housing associations active as social enterprises in Australia and the Netherlands. The frame of ‘transformation’ highlights the need for housing associations to continually adapt to changing institutional conditions as they work across state and market systems. The notion of ‘links between cultures’ positions them as agents of institutional mediation, connecting government, community networks and for-profit partners. A third frame of ‘hybrid vigour’ emphasizes institutional complementarity, with housing associations seen as super-blends of government and commercial action logics. From both commercial and public accountability perspectives, hybridity may also be read as a ‘transgression’, with housing associations’ hybrid status read as duplicitous, unjust or threatening, and prompting calls for reform.

Chapter Two of the study compares the development trajectories of housing associations in the Netherlands and England. Seeking an alternative to portrayals of market-based reforms as unidirectional and inevitable processes of ‘modernization’, it addresses the problem of how to conceptualize change in their roles over time. By tracking policy shifts and debate over their ‘organizational legitimacy’ as defined by Suchman (1995), the research provides an alternative view of change. The analysis reveals movement between the realms of state and market occurring as housing associations try to negotiate different, and sometimes conflicting accountabilities. These shifts may create, alleviate or exacerbate problems of legitimacy, including basic aspects of organisational identity, such as legal status. Contrary to the ideal of
developing stable arrangements in between state and market, the analysis suggests that over
time, aspects of the work and identity of housing associations shift between public and private
domains. Rather than being unidirectional, change emerges as cyclical and prone to sudden
swings of the political pendulum.

**Hybrid programs and systems of provision**

In an age of dwindling public subsidies, public goods may be provided through individual
programs or individual projects, which are more flexible than on-going subsidies (Hays, 1995).
To reflect this shift, Chapter Three of this study explores programs that bring together mission-
oriented and profit-oriented actors around the cause of ‘social’ or ‘affordable’ rental housing. Two
highly marketized programs for affordable rental housing provision are compared, a major US
programme, and an Australian programme based on the US approach. The two similar schemes
set out to incentivize large-scale institutional investors such as banks and pension funds to
invest in affordable housing provision. Both have been propelled by the notion of the market as a
force to minimise the role of government, whilst still achieving efficient outcomes for all market
participants. The question is thus asked as to what extent the programs still rely on government
intervention. The comparison provides insights into numerous problems of institutional
hybridity. Complex institutional architecture brings together public and private actors with
different goals and orientations, yet significant government intervention is still required,
especially in times of financial turbulence. Market mechanisms as a means of delivering public
goods such as affordable housing have both advantages and serious shortcomings.

The final chapter of this study explores the dynamics of market-oriented reforms at the level
of national systems of subsidized rental housing provision and considers their implications for
dominant conceptual tools in the field of housing studies. Through a comparison of reforms
in the US, Australia and England, it examines how these market-oriented reforms have played
out within three liberal welfare regimes, and uses this as an opportunity to review dominant
models by Kemeny (1995) and (Harloe, 1995). While these models collectively characterize
subsidized rental housing provision in liberal welfare regimes as ‘residualised’ - limited to the
poor and cut off from market forces, contemporary patterns of provision suggest a significant
shift. Over recent decades, significant public resources have been redirected into ‘affordable’
rental schemes, produced in collaboration with commercial actors. Contrary to Harloe’s and
Kemeny’s conceptual models, new streams of ‘affordable rental’ favour groups deemed to have
‘income growth potential’, and provide support in the medium term. The approach is thus
more about ‘enabling the able’ than helping the needy. Rather than direct provision of social
housing, state support aims to leverage commercial capital for ‘affordable’ rental housing
provided through the private sector.

**General findings from the study**

The comparisons within this study show that market-oriented reforms of social and affordable
rental housing bring forth diverse institutional arrangements that span public and private
domains. An array of hybrid organisations, programs and systems can be found, with both
‘magical’ and ‘monstrous’ identities emerging. In some cases, crossing the threshold of state
and market can lead to robust results. Cross subsidization of social projects with the proceeds
for commercial ventures, for example, has enabled Dutch and English housing associations to assist a range of tenant groups, some with high and complex needs, and others experiencing affordability problems.

Yet these hybrid arrangements also have a vulnerable side. While the strongest social outcomes may come from sectors of mission-oriented housing associations, commercial market actors, bound to maximise profits, may interpret the flexibility of hybrid status as an unfair advantage, leading to calls for reform. As the contrast-oriented study of the nascent Australian sector of not-for-profit housing providers and its large and commercially sophisticated Dutch counterparts suggests, the scale of hybrid arrangements may moderate the degree of opposition from commercial actors, with small, and liminal sectors more likely to be tolerated in the long-term. Monstrous hybrids may also emerge from a public accountability perspective, with powers, assets and responsibilities that were once democratically anchored floating into uneasy orbit. At the level of programs and systems of subsidized rental housing provision, social outcomes may be weakened as a result of concessions made to commercial interests, and leakage of state support to commercial consultants.

Examination of extreme examples of hybrid identities within this study provide valuable insights into the potential risks and benefits of market-oriented approaches to fulfilling social policy goals. Contrary to rationalist policy agendas that emphasise practicality and market efficiencies, the lens of hybridity reveals serious political risks involved in this approach, of relevance beyond the realm of housing. Problems of legitimacy or control may bring decision-making powers back to the public sector. However, hybrid arrangements of one kind or another are here to stay. Many of the examples examined in this study are far more moderate and mundane than either the frame of a magical blend or that of a monstrous transgression would suggest. Accordingly, market-oriented reforms of social rental housing may be best understood in terms of context specific trade-offs between conflicting agendas and action logics in the housing market. While they may not always be motivated to do so, policymakers embarking on these reforms need to think systemically about the long-term risks and benefits of the particular hybrid arrangements they create.