

The Social Construction of Housing Systems – On Institutions, Actors and Actions in Changing Socio–Political Contexts

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Times, circumstances and socio–political contexts are changing. This goes for all sectors of society and their societal institutions, actors and actions. Consequently it is also true in the field of housing and when it comes down to defining, creating, explaining and understanding institutional solutions, actors and actions within the housing system.

In Northern Europe, governments, mainly with ideological and economical arguments, are withdrawing from the housing sector, dismantling housing policy and the institutions belonging to its implementation. In the southern European countries, governments, mainly by social reasons of necessity and with certain economic support from EU, are increasingly getting involved in the housing system matters. In Eastern European countries the development seems to follow the northern European model but the situation and the reasons are of a different character. If there ever was an Eastern European model for housing provision (Turner et al. 1992) – and it is arguable – this is now to be abandoned and something new is to be put into its place.

The possibility of new institutions, new actors and fresh actions within the housing provision system is what could be discerned on the horizon in many countries – especially the former socialist ones. In all the mentioned cases however, we notice that the existing institutions within and around the housing system are at stake and we face – as sociologists and housing researchers – a most exciting, demanding and difficult task in this emerging development. It is a crisis alright, but it also opens up for a more untied and flexible way of looking at and analysing the processes we can see at present. It opens up for changes within the existing systems for housing provision and it presents – at least in theory – an intriguing opportunity for social construction of a new system for housing provision in those countries where the housing system has to be built anew (Harloe 1992). To express it sociologically: if society consists of a system of institutions and they in their turn could be seen as systems of norms, values and rules for behaviour and social action and man–made in their creation and change – then we have the opportunity – and duty – to study these changes in a social action perspec–

tive or to put it in another way, to study the relation between social action and structural change – in housing as well as in other sectors of society.

Theoretical Approaches for Understanding Society

In trying to understand the functioning of the housing system, or maybe rather, the system of provision of housing, two salient different approaches can be found¹.

The one is what could be called *the realist approach* which assumes that the world is inherently structured, differentiated and changing – or at least it has to be posited as such in order for us to make any sense of it. Realism asserts that there are in fact structures and powers which generate phenomena independent of our experience and access to such objects. In the case of housing, realism takes certain properties of housing provision as given. Housing provision is seen as a stable and fixed entity with a certain content concerning the institutions it involves and their relations and with certain advantages and/or disadvantages from the point of the actors in and between these institutions.

The other approach, which I am going to concentrate upon here could be labeled *the culturalist or the constructivist approach*. Here the world is viewed not as having an inherent structure, but as a system of meanings which is culturally and historically variable. This view challenges the realist conception and underlines the changing nature of reality – even of housing systems or housing provision. The underlying foundation for a constructivist conception of housing is the fact that the housing system has no natural given properties, institutions or maybe even not actors, but are societal constructs and by that it is dependent on cultural, social and historical relations, conditions and contexts. Constructivists, of course, do not deny the existence of a reality "out there", but they argue that it is one which is entirely socially created. In place of realist "laws of history" constructivists seek a hermeneutic understanding of the social construction of social relations – including relations resulting in housing. So, let us then look at the concept of social organization and social institutions in housing provision.

¹ In his article from 1993 on "Types and Forms of Housing Tenure", Hannu Ruonavaara uses the same distinction – even if he labels what I have called "the realist approach", "the essentialist approach" – but tries to combine them. He develops an interesting discussion in favour of a fairly restricted "moderate constructivism" on two levels – "general types" and "specific forms" – and claims that it makes sense to compare cross-nationally national forms of tenure. This is because the general forms of tenure share certain inherent characteristics with regard to rights and duties, a view more in line with an essentialist or realist approach.

The Principle Modes of Provision and the Housing Provision Chain – a Tool for Understanding the Changing Roles of Social Institutions in Housing?

The principle modes of providing any societal service could basically be said to consist of the following three: State, Market and Community. They all represent different ways of provision respectively and consequently they are built up by different sets of social, legal, economical and political institutions. They have different modes of regulation depending on the different structural features belonging to each and every one of them. And they have different effects – positive or negative – concerning the societal conditions for the actions and actors in their respective implementation. To put it all in a figure:

Table 1: The Principle Modes of Provision

Service provider	Mode of regulation	Positive effects (dominant value)	Negative effects (unwanted consequences)
State	Power	Equality	Control
Market	Exchange	Freedom of choice	Inequality
Community	Solidarity	Security	Obligation

How could we then try to genuinely understand and compare the historical and the current development in the former socialist countries with the situation in other countries? In other words: How would we be able to compare systems for housing provision and the connected institutions and actors – in different societal contexts? And how could we – at least analytically – start to think about what it might be and what should be required instead of the old state dominated provision in these countries – if we at all ponder about the other forms of social organization and social provision – and what kind of housing institutions that could be developed in and between these ideal-typical forms²?

To illustrate what I mean I will use a model for "*The housing provision chain*" as it has been presented by *Peter Ambrose* (1991). The model, or rather as I would like

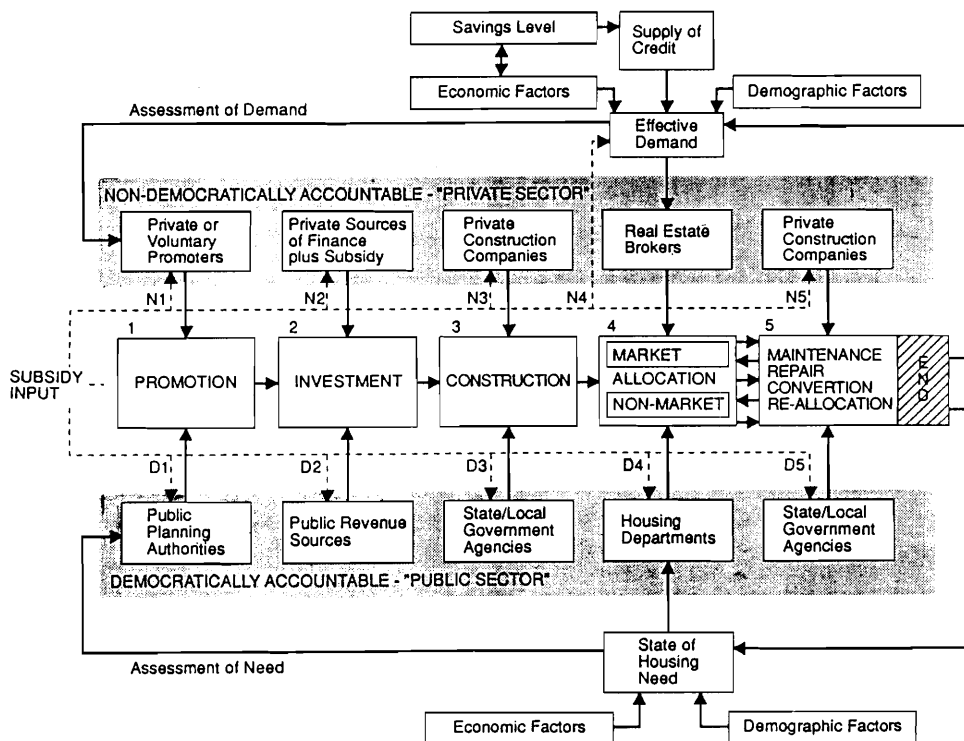
² Here I use 'ideal-type' and 'ideal-typical' in the classical Weberian sense of using concepts for analysis of social phenomenon where salient features are emphasized even if they don't necessarily have a factual independent existence in social reality.

to call it the framework, is developed and designed to help to make meaningful comparisons between different housing systems. The central argument for the chain is that housing provision should not be seen as an undifferentiated process. Instead it needs to be conceived as a linked sequence of events. The provision and use of a housing unit breaks down into five stages:

1. Promotion – the act of initiating the scheme.
2. Investment – the input of money to assemble factor inputs.
3. Construction – the actual phase of production.
4. Allocation – who will live in it on completion.
5. Subsequent management and use – including maintenance, possible conversion, reallocation and eventual termination and demolition.

These five stages from idea to consumption are the processes of provision and use. Each can be carried out by a number of social institutions, from family to political and financial institutions and consequently also by different actors – from the individual self-builder to transnational enterprises.

Figure 1: The Housing Provision Chain



The stages of the chain are rather uncomplicated. The production of any housing unit requires first (Stage 1) that some person or institution decides it should be initiated. In modern societies this means to obey to the local land use planning and zoning regulations. Then money (Stage 2) has to be found to purchase land, labour, materials to make the unit. Followed by these inputs combined in the construction process (Stage 3) into a usable unit. At this point some kind of allocation process (Stage 4) comes into being, to decide on who should be the first to occupy this unit. Subsequent to this there is the period of use (Stage 5) during which the unit needs maintenance, repair, renovation and maybe conversion. This last stage might last for 60–100 years and the unit may turn back to the stage of allocation in the chain of provision several times during these decades.

However, this is a description of the normal stages in a rather embedded chain of housing provision. The point I want to make is the fact that human actors and societal institutions determine the events in all these stages. From this analytical point of view it makes no difference and has no real meaning to distinguish between "public" and "private" unless the institutions and actors in the different stages of housing provision chain have to rely on different norms and to act differently according to construction, financing or allocation depending on whether they provide housing within the public or the private sector.

In the light of the ideal–typical modes of social organization and provision of course we could see some important differences and limitations with respect to the framework:

(i) In the case of state provision and only state provision it is represented by two ideal cases. The one is the democratic state where all decisions are Democratically Accountable (DA) and the Non–Democratically Accountable sector (NDA) vanish or is at least considerably diminished³.

The other statist example consists of the correspondence to the socialist state manner of housing provision where the non–democratically accountable private sector (NDA) is in principle not present and the democratically accountable public sector (DA) has to be renamed into only the state sector.

(ii) The market mode of provision should result in a housing provision chain where the DA sector plays no important part with regard to housing or nothing else either, when it comes to societal provision. In this case certain public social institutions and actors are squeezed out of the system and housing provision is left in the hands of

³ This is an ideal–typical example in the sense that it emphasizes salient features, but has no total direct correspondence in reality.

the market institutions and their actors concerning initiation, finance, construction, allocation and maintenance⁴.

(iii) The community model for social organization and provision relies heavily on the community and the small scale solutions and their corresponding social institutions. Family, kin and self-provision are salient features in such an implementation and it comes close to a model of small scale cooperative solutions for provision of housing in society.

Privatisation

In quite a number of countries fundamental changes are happening in housing policy and provision. In Britain the basic shape of the system has been profoundly changed by a prolonged dose of neo-liberal policies during the 80s and 90s (Forrest & Murie 1993). In Sweden, fiscal and administrative changes are undermining the long-lasting ideas about level and form of support for housing. These changes are also fueled by neo-liberal ideologies (Teeland & Siksiö 1993). In The Netherlands there has been considerable sale of public housing stock (Priemus 1992) and in West Germany more and more rented housing has passed out of the German system for rent control (Skifter Andersen & Munk 1994).

But the most fundamental changes have occurred in the former socialist countries in Eastern and central Europe (Turner et al. 1992). It is a heterogenous group and it is obviously not correct to assume the countries in Eastern Europe to be identical even if they during four decades until 1989 had some certain common features in their housing policies (Clapham 1993). In cultural and economic terms however there was not much in common between Poland and Bulgaria or Romania, not to mention GDR in this respect. The similarities then consisted of the fact that these countries all had a high degree of centralised administration concerning housing, especially in relation to financing and construction, that allocation was according to some recognized space standards, that security for tenants was high, that prime form of provision was flats built by prefabricated panel techniques and most rents were subsidised to guarantee affordability.

So concerning housing provision in these terms the principle mode was the state model and the underlying idea was part of the egalitarian post-war philosophy in

⁴ This development is what we have recently started to experience in Northern and Western Europe today and it is the interpretation or implementation of the housing provision chain being so much promoted in eastern parts of Europe.

the socialist countries that certain essentials – education, health-care and housing – were a constitutional right and should be provided for free or at a price only taking an insignificant proportion of income. And still it became so completely wrong! Maybe partly because what was rather true concerning housing policy was a lie in relation to tenure patterns. In 1989 the G.D.R. had about 54 per cent private ownership while Bulgaria had 85 per cent, Hungary 75 per cent and CSFR 46 per cent. So within the socialist sector of housing, there existed a socially created institution of ownership, with its nationally specific history, rules for access and implementation. Yesterday in the state provision system those countries had the problems with highly centralised inefficiencies, paternalism, overcrowding as a result of tight space-standards and a corrupt practice. Today many observers in the transitional countries see "*the free market mode*" as the cure for all these demanding conditions. They have, however, until now just started to reach the Western experience of "*market failures*" in the form of speculation, high rents, repossessions and homelessness on a growing scale.

In the context of the discussion about privatisation, it is important to be aware that both the state and the market can be involved to different degrees and in different ways at all stages of the chain. There is not only one kind of market, there are different kinds of markets where the mix of private and state intervention could be a decision for the market as a whole or be concentrated into certain sectors or services in society⁵.

In the housing sector any specific unit may have been produced with an infinitely variable mix of public and private initiatives, support and subsidies and efforts. The extreme cases could be a self-built unit in Greece or Bulgaria, unofficially promoted and built using personal savings and the other extreme, a pre-1989 state promoted unit in GDR with all stages exclusively public.

Concerning the mix between state and market – between public and private – it is important to remember that even when we are talking about massive privatization schemes most countries in Europe still have a considerable stock of rental and even social rental housing and consequently even in those countries where government involvement is declining, the level of state intervention in several stages of housing provision is still significant. In political declarations, state responsibility is "out", concerning housing reality it is still – partly by necessity but nevertheless it is – "in" from a consumer point of view.

But beware of mixing up privatisation of housing with the market or marketisation. The extent to which schemes for selling public rental dwellings include huge

⁵ Examples are Switzerland, the prime capitalist country, where the state still has full responsibility for e.g. transportation and also intervenes in the housing system via subsidies to a social rented sector, and China where the state has full hegemony but allows private economical solutions for small scale production and trade and joint industrial enterprises with western investors.

discounts – and this has been the case everywhere, as far as I know from Britain to Bulgaria – this is not a market determined price or a market solution. It is, at the best, an artificial market solution – brought about by ideological and economic considerations and economically it deeply involves the state and/or the municipality when it is implemented.

In Slovakia a main tool in the transition to a market economy besides price-liberalization and currency convertibility is privatisation in different sectors of the economy (Michalovic 1993). With an "inheritance" from the former Czechoslovakia the privatisation takes three general forms being labeled "Small privatisation", "Big privatisation" and "Restitution" respectively. The small privatisation consisted of changing ownership of state-owned wholesale and retail shops, service industries and smaller units for production. The outcome of this was the (re)introduction of a new class in present Slovakian society. The "big privatisation" is still in progress and it is directed towards large scale state-owned enterprises and engages both national and foreign investors and investments. The pace in the process has however slowed down considerably after the split of the former CSFR into two independent states.

The third general method "restitution" concerns the transfer of nationalized private property back to former owners. It concerns all kinds of former private property – also large industries e.g. Bata shoe-factories – and consequently it applies to houses and housing as well. Following this it is easy to recognize that *the privatisation process invades and permeates all spheres of life*. Within housing the development is closely connected to development in prices. In the beginning of the market economy there was a steep increase of prices in construction and real estate. The privatisation in the housing sector has three focal points:

- (1) the existing housing stock – the consumer perspective,
- (2) the reshaping of housing companies – the construction perspective,
- (3) the reshaping of housing services – the management and maintenance perspective.

From the sociological perspective it is easy to conceive promotion of privatisation as a kind of societal change which will have serious repercussions on the existing set of social institutions involved in housing provision.

Privatisation of the existing housing stock is governed by three legal instruments: *First*, it is carried out under the new law on restitution.

Second, under the recent law on housing ownership, where every municipality who 'inherited' the former state-owned flats – has a right to decide on selling their flats to sitting tenants at a regulated and heavily discounted price compared to the market price. Calculation of selling price is based on construction costs, deducted by an amortisation with respect to the age of the building. The price does not take into

account either locality or condition or amenities – and consequently it does not reflect attractiveness or demand in real market terms. The law prescribes a general 30 per cent discount and favourable conditions of payment – 85 per cent of the sum by installments over 10 years without interest. By paying 70 per cent of the calculated price the discount is extended by another 10 per cent. The outcome of this price-setting is that the selling price of an old attractive apartment in the city centre, built before the last war, is considerably below the price for a smaller flat built during the last decades in a peripheral location.

Third, privatisation is carried out under the law of transformation of co-operatives where every user of a cooperative flat has the right to apply for ownership. The financial conditions to gain ownership are in this case more favourable compared to the housing market prices although not as favourable as in the municipality owned rental sector.

All in all it is predicted, as a consequence of all three forms of privatisation of housing that the share of owner-occupied dwellings in Slovakia in some years will reach 70 – 75 per cent which is comparable to the British situation.

Privatisation of housing companies and services belonging to housing is not driven or underpinned by legislative changes. It is rather to be seen as a consequence of partly ideological, partly economical realities. The consequence, however, in terms of institutional change and new roles and professions within the housing provision system is tangible. And it *opens up for a re-examination of the definitions of meaning and roles of "state", "market", "individual" and "private"* with respect to developing a greater range of options than now exist in the Western solutions concerning institutions, actors and actions in the different stages of the housing provision chain. The conditions for such a re-examination rest heavily on the development within housing policy in the respective countries. So let us turn to the field of housing policy and look at it with the sociological eyes being especially sensitive to changes and development in a social action perspective.

Housing Policy

The term "*policy*" is open to widely varying and often conflicting interpretations. Dictionary definitions include "*the art of government*" and "*course of action*". By combining the two, policy could then be seen as what governments do. It seems unsatisfactory though because it makes sense to speak of policies of organisations other than government. If we reserve the term "public policy" for the intentions and actions

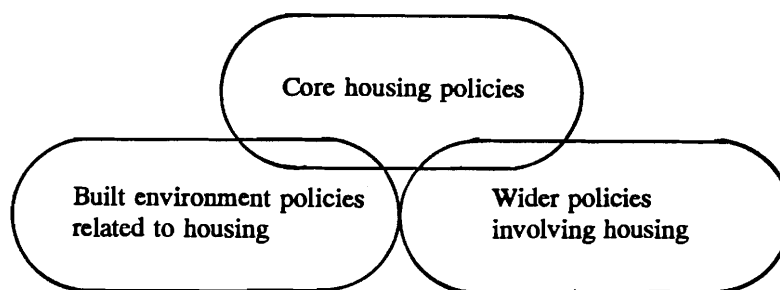
taken by government we narrow down the meaning and we can also conclude that "housing policy" on the national and local level is included in "public policy"⁶.

If *public policy* following this, can be defined as "*the actions and positions taken by the state*", then housing policy can be defined as actions and positions taken by the state in relation to housing. This sounds good enough, but what does it mean? Policies which have an impact on housing are often integrated parts of more general policies. Cuts in housing benefit may be a part of more extensive cuts in means-tested benefits generally or reductions in interest rates which could aim at reviving the economy in general but will also stimulate the housing market. So in analytical terms it is not possible to look for a specific housing policy and separate this from the wider context of state policy because it seems to consist of only a number of overlapping policy areas. Housing policy is then "embedded" in other aspects of state policy such as social policy, economic policy, fiscal policy, employment policy and possibly a number of other policies.

What we generally do, however, when using the term "housing policy" is to describe a social construct – a set of generally agreed overlapping state policy areas which relate to housing.

A suggestion for a classification scheme which contribute to making some pragmatic sense of the wide range of policy areas possibly included in housing policy could be as follows⁷:

Figure 2: Classification of Policies Related to Housing



⁶ Public policy is usually seen as essentially pluralistic (determined by a set of competing actors) or essentially elitist (where policy making is separated from policy implementation). In both cases we see that the conception involves a set of institutions and actors defining and carrying out or just defining policy intentions and actions.

⁷ This classification is inspired by Somerville (1993) in his paper *Explaining Housing Policy*.

Core housing policies are those being directed primarily at housing relations. They include policies on residential land planning, housing design and layout, new housing construction, renovation and rehabilitation, repair and maintenance, housing finance, tenure change, housing needs assessment, homelessness, housing benefit, accessibility, management and consumer rights.

Built environment policies involving housing are those policies directed at the spatial context of housing relations –i.e. area renewal or improvement, general land–use planning and environmental protection. They concentrate on the context as a whole while core housing policies to some extent abstract from the spatial context.

Wider policies involving housing are those which may be called the social context of housing relations – income support, taxation, employment and unemployment, community care, management performance, client/contractor relations, family. Housing is generally of minor concern in formulating such policies, but they frequently impact significantly and severely upon housing and housing provision.

Core housing policies overlap with "spatial" as well as "social" policies involving housing. For example, land–use planning includes residential land–use planning and policies on income support overlap with housing benefit policies.

But it does not seem enough to distinguish core housing policies from policies related to housing's socio–spatial context. Especially not if you are interested in the performance of the housing system in general and the change and creation of social institutions in a social action perspective. This is because core housing policies are in themselves many and varied – containing different sets of institutions and actors – and therefore a further subdivision seems advantageous in order to make the field theoretically manageable.

Coming from the side with an interest for existing and future institutions involved in housing and the related actors, two alternative typologies present themselves as useful, depending on what criteria one chooses to emphasize. The one is to go back to the housing provision process and chain – where the institutional aspect comes to the fore. The other is to concentrate on the professional or administrative–technical divisions – where legal–political institutions are present but the actor perspective is the salient one.

The housing provision model for analysing core housing policies assumes a relatively coherent process of housing provision. We know it from before and the central argument of this approach is that each stage requires a particular set of policies and a specifically worked out balance of the activities of the state and the market, respectively. In other words, using this approach to discuss present and possible future policy intervention in housing relations, we need to know what social institutions and what actors are active in the play at every stage. This, I think, could be done with reasonable success. However it is not completely clear that housing policies fit neatly

into the pattern expected by the structure of housing provision. In that sense it severely limits our original intention to analyse and compare the set of societal institutions and actors involved in housing in different socio-political situations. This difficulty also limits our possibilities to introduce new institutions and actors in the housing system in a clearcut and precise way. In practice, I think, those policies relating directly to each stage of the process will fit, while many others will not. If we concentrate upon and convincingly argue for the meaningfulness of studying the present and possible future institutions and actors for those fitting policies only, the provision model seems appropriate. That is why I talk about reasonable success above. However, by necessity, a lot of housing policies – and by that also a lot of institutions and actors in the housing system, will then be left out of the analysis. If we clearly see those non-fitting policies, and their attached institutions and actors as important for the development and change of the housing provision system, we must look for some other model for analysing the process⁸.

The professional-administrative model makes no assumptions about structural coherence. Policies and policy implementations are distinguished according to whether they relate to the built form, to the rights of occupation and use, to the financial arrangements, to management of housing or to the satisfaction of housing needs. In this sense it clearly reflects the set of actors and possibly also institutions within the housing system i.e. the entities we are interested in. It sees housing policy as appropriated by organised institutional occupational groupings with actors determining the content and direction of it. In reality however, I don't think it is correct to assume that different professions – leave away their frenetic attempts – have been successful in their attempts to monopolize different parts of housing policy and making them provinces of single professions⁹.

The problem with both models then seems to be that irrespective of the nice fact that they open up for an analysis of institutions and actors of the housing system they don't seem to differentiate enough when it comes down to the social reality of housing. Maybe then there is a case if we follow another itinerary and look at the social

⁸ For example, rent setting policies could be seen as investment-related (to provide funding), distribution or allocation related (easing lettability) or consumption-related (reflecting attractiveness and use-value of different types of housing).

⁹ Even highly technical policies such as housing benefit are in fact not only finance-related but also management related (associated with rent collection, rent-arrears and demand) and welfare-related (help to poorer tenants). Policies on housing and construction standards are not only physically-related but could be tenure-related (only compulsory for a certain tenure), management-related (minimize future housing management problems) and in a general sense welfare-related (meeting the need for decent housing for most households).

construction of housing systems, policies, institutions and actors from the point of the widely recognized, well known and disputed (Barlow & Duncan 1988; Ruonavaara 1993) concept of tenure with a view to its usefulness for comparisons and for its potential as a tool for discussing alternative development and change.

Tenure

Clearly many housing policies in the West – and East – are tenure related. Housing legislation is tenure based, housing management is tenure based, housing provision is promoted in different ways in the different tenures. In certain countries housing finance systems are divided along lines of tenure and tenure change figures prominently in policies on housing distribution. Being interested in the institutions and actors in the housing system there might be a good case to study them in relation to different tenures – existing as well as possible new ones.

At present in most European countries – east and west – governments are promoting and stimulating private home ownership, thus reducing the theoretically infinite range of tenure to only two alternatives – to own or to rent. By this they are also dismantling a number of social institutions formerly involved in housing and they are abolishing a number of actions possible to take within a housing system. By promoting a system for housing provision concentrated on owner–occupation, and consequently also changes within the already existing housing stock in terms of change of tenure – they leave a conception of housing provision which could be labelled the "*general needs model*" and turn into a conception of state responsibility only for the weakest groups in society in the form of a "residual model" for state housing provision. In the same manner they play down other forms – and the possible social institutions connected to them – for housing provision e.g. different forms of cooperative solutions. This development takes place irrespective of its historical developmental context, irrespective of whether the housing markets in the different countries have been diversified before and in a way irrespective of the prevailing conditions for a successful change of the structure of housing provision and housing market in the dualist directions of owning or renting.

The consequence however, is that ideas and solutions for housing provision on the one side of the mainstream–solutions have severe difficulties in finding their institutional form. As a result the tendency to structural determinism gains analytical ascendancy, possibly resulting in a uniform system for housing provision and probably also in a partly uniform set of problems within the housing sector.

For the Eastern European countries it should seem clear that the West offers no ready–made solution to be imported to solve their problems but rather an offer to create

a situation with problems very much like the ones that forced Western governments to take action within the housing sector. And as was said in the beginning, the similarities between the Eastern European countries concerning distribution and consumption of housing were not that salient before, so why should they necessarily be in the future? In this context it is important to point to the specific differences between the former G.D.R. and the rest. In the case of G.D.R. the reunion – or as it is sometimes called the annexation – meant that the already existing housing provision system of F.R.G. was introduced in one stroke. This being a rather typical Western housing policy product in line with the description given above of an embedded housing policy with complicated relations to other policies (taxation, social, family) and a network of laws, bye-laws, rules and regulations. This disappointing observation means that the conditions for launching a new housing policy – based on well considered objectives and equipped with appropriate social institutions and well chosen instruments – is more circumscribed in the Eastern part of Germany compared to the other transitional countries.

From a constructivist point of view the noticed development, with decline of renting and the expressed preference for owner occupation – and today it seems to be a dominant policy preference – is not the inevitable outcome of either a particular configuration of power in societies such as capitalism, or the open manifestation of some kind of natural law of individual demand like ontological security (Saunders 1990). Rather, it is a socially constructed development through policy-making and in large part the product of the manner in which the rental system and in correspondence the system for owner-occupation, have been strategically modified over decades in many countries. Consequently there is no factual reason why the former socialist countries should restrain themselves to the existing Western development or forms when it comes to their efforts to develop a policy for housing provision in the new circumstances, even if these circumstances are market-orientated and capitalist in an overall sense.

Quite the contrary; if housing policy is seen as a social construct, this construct could contain solutions resting on historical and social conditions and experiences in every single national case. It should be possible to introduce social institutions in the housing system resulting in other forms of housing provision than the dominant Western ones. It opens up for a variety in the rental sector, as well as different kinds and sizes of cooperatives and possibly even a more variegated picture within the owner-occupied sector. It is a matter of thinking in a more liberated way, not restrained by the idea that there are only a limited number of already existing forms of tenure to be implemented and imported. In a way, already during the socialist years, certain Eastern European countries, like Bulgaria, developed a form of state provided owner-occupation of a rather unique nature, meaning private use but non-profit. This form is now converted

into a more streamlined form of Western owner-occupation during the process of privatization.

In this process of thinking anew, it could be useful to pay attention to the *distinction* between *unitary* and *dualist rental markets* (Kemeny 1993). Both of them rest on the concept of cost-renting and the polar strategy use of such a system in different countries. In the former, unitary rental market, cost renting is used all over the rental market with no particular distinction between public and private rental sectors. In the latter, the dualist rental market, cost-renting is applied only to a residualised public rental sector whereas the profit-orientated rental sector has no specific regulations. The distinguishing characteristic of the dualist rental market, is the existence of parallel public and private rental systems subject to increasingly divergent forms of provision, finance and conditions for tenure.

The unitary rental market system is seen to belong to the geographical sphere historically and culturally influenced by Germany (The Netherlands, Sweden, Switzerland, Austria, Germany, Denmark) and the dualist rental market system belongs to the Anglo-Saxon cultural sphere. The point is that even with this seemingly uniform outcome in the form of unitary rental markets among the welfare-states of the German sphere, the routes to this situation have differed considerably between the countries. In other words the social construct(s) leading to this unitary system have been very much country specific. It leads too far to go into details in this paper, but if we take the statement for granted it supports the constructivist view on the matter and it points to the importance to consider the cultural, social and political context in the social construction of new forms of tenure.

So, what could be conceived when it comes to alternative forms of tenure for the emerging housing markets in countries trying to restore or develop a new housing policy? If we already from the start leave the common assumption that there are only four forms of "tenure": Public ownership, private ownership, private rental and public non-profit ownership, we are already a bit on our way. Other forms of tenure can be listed and, as social constructions, the content will vary widely depending on the economic conditions and the historic and cultural tradition (Marcuse 1992; Ruonavaara 1993). And last but not least the ingenuity among the actors and social constructors.

But to give it a try we could start with the following set:

Figure 3: Examples of Alternative Forms of Tenure¹⁰

Ownership:

- Individual ownership of single-family units
- Individual ownership of apartment units in multi-family buildings for the owners own use, with a joint control and responsibility of common areas

Cooperatives:

- Cooperative private ownership in any type of building, where the individual's right of ownership and use can be sold at a market price
- Non-profit cooperative ownership, in which the right to sell for a profit is restricted or non existent

Rentals:

- Non-profit publicly owned (national, state, municipal)
- Employer-owned
- Charitable organizations.
- Private ownership for use by other than the owner i.e. private rentals

A Swedish Implementation

The Swedish National Association of Public Housing Companies (SABO) has developed a number of scenarios where public rental and combinations of public rental and cooperative solutions have been presented in a program on the future (SABO 1992). The interesting thing in this context is the idea of a kind of coexistence between cooperative and public rental solutions in financing, constructing and managing housing in the future.

Scenario number one is 'business as usual' i.e. continue to run the public housing companies with decreasing subsidies and still offer decent, attractive alternatives of housing for all groups in the housing market. Such an alternative obviously offers only limited possibilities of economic consolidation. Tenants' participation might

¹⁰ It may be important to stress the fact that it is only the examples given for ownership which contain a clear connection with housing design type. A single-family house is a separate unit and the condominium or shared-equity form means an owned dwelling in a multi-family building. The cooperative and rental examples have no such binding to type of housing. They could be implemented either in a single-family way or in a multi-family solution. There is of course a possibility to create an association of single-family houses with a joint responsibility for areas and services for common use, such as parking-grounds, walking-lanes and playgrounds of the estate. Such a mixed construction, however useful, loses its ideal-typical character and consequently I avoid it in this context.

be developed but there is an obvious risk for increased social segregation and the development of a – today non-existent – 'social housing' sector in the Swedish housing market. This scenario contains no traceable increase in family-savings.

A *second alternative* focuses on the *household taking a certain economic responsibility*, by tenants paying a deposit for the flat and also by an increase in the direct democracy in housing i.e. tenant participation. The solution discussed in this alternative towards privatisation is not individual ownership but conversion of rentals into cooperative rental tenure. Public housing companies are divided into smaller self-governing economic units called 'Resident associations' (Boföreningar) which rent 50–200 apartments and decide by themselves their service-level in maintenance and operation, and where to buy it. The MHC's still own the property (buildings) and take on responsibility for structural maintenance and operation in agreement with the resident association. It is not a solution for individual ownership and it allows no speculation or sale of flats because all resident associations must from the beginning agree to return vacated flats to the company for distribution. The cheap deposit paid by the household when moving in is returned and increased by an index rate when moving out.

This second scenario contributes only marginally to economic consolidation of the company. Tenants' participation could be expected to increase in a tangible way compared to conventional solutions in rental tenure. The socio-economic segregation could be expected to decrease in a minor way because of the still existing deposit even if it is cheap and family savings would increase in a modest way.

The *third scenario contains conversion of public rentals into cooperative housing*, individually owned. Here the building is owned by the cooperative association, the deposit varies according to size of dwelling and the member has the right to sell the apartment at a market price. In the discussion of this alternative the bad experiences of conversion and sales in Great Britain and The Netherlands are often emphasized. There is a risk in this scenario that the MHC's may sell or rather convert the most attractive parts of their housing stock and are left with the least popular or attractive areas. The MHC's are negative to a massive conversion of the whole public rental stock over a shorter period of time, even if this is considered partly to counteract a development towards dichotomization or polarisation of the housing market. The argument against selling the greater share of the public housing stock simultaneously is the obvious risk of puncturing the already existing cooperative housing market together with a possibility of a considerable level of social segregation if the price becomes strongly differentiated. Such a conversion into cooperative ownership gives however the 'cooperative-owner' a considerable amount of rights in the new situation. Rights which come close to outright ownership. The development in property taxation and taxation on capital gains from selling a cooperatively owned rental apartment illustrates fairly well the sitting

government's ideas of equalizing the two tenures – ownership and cooperative ownership – in certain respects.

In this scenario, tenants' participation will be organized in cooperative associations and concentrates probably on economic issues. The MHC's would consolidate their economic situation and release capital by selling their property to sitting tenants, but it is an open question what they would do with their money. Contrary to the situation in the U.K., nothing is said about the possibilities to invest the sale money into the housing sector again i.e. building public rental housing. The social segregation would probably increase. By increasing deposits the household savings are also expected to increase. This scenario is as close to 'commodification' as the Swedish debate on privatisation comes and it is also the alternative for privatisation which will have the most far-reaching effects on consumers of different kinds – those who buy, those who can't buy, as well as those who are starters in the housing market.

A *fourth scenario* concerns the possibility of *selling shares of the MHC's to tenants* and/or employees. Partly because of a wish to broaden ownership in the direction of more tenant influence, partly to release capital in the company. In this alternative the municipality still holds the majority, but still the economic situation of the company would improve in a decisive way. Tenants' influence – not necessarily participation – would improve in an indirect way, the solution however would hardly have any impact on segregation and household savings would increase, in general. If the MHC's are demunicipalized by sale to bigger private housing enterprises it will probably mean higher costs for sitting tenants. Because of the existing use-value system for rent setting corresponding increases will occur even within the remaining parts of the rental stock. In this scenario the capital base of the MHC's also increases. Tenants' participation will probably be of a lower degree and there are signs of increasing segregation. For the housing consumers this solution will not be a remarkable change.

A *fifth alternative* for a prolonged existence of the MHC's is the introduction of a 'new' form of tenure "*public cooperative housing*" (allmännyttig bostadsrätt). Here different alternatives are discussed. One solution – which is an open competitor to the dominant Swedish form of cooperative housing in HSB – is that the MHC's in the future build cooperative housing where residents pay a deposit, i.e. residents invest in their housing and, should they move out, they are free to sell the dwelling at a market price. The MHC's, however, continue to take on the service of maintenance and operative management for the 'public cooperative association'. In this scenario future new-construction in the Swedish public housing sector contributes to the Swedish cooperative sector in the new form of 'public-coop' units.

Another strategy aiming at the same goal is the introduction of a 'lease-buy' system where the MHC's build housing which is rental from the beginning, but where the resident has the possibility to join a saving scheme with tax-free interest. It takes

the form of saving in connection with the rent and when these savings reach a certain level, the tenant has the right to become a member of a cooperative housing association.

Conclusion

From the social constructivist perspective the challenge for future housing systems in the former socialist countries lies in identifying the appropriate institutions, policies, solutions and actors supporting the implementation of new forms of tenure in the emerging housing provision process in the respective countries. Depending on what has been said above the resulting social constructions will probably not be identical in the different countries or may be should not be identical because of the different initial conditions.

Intuitively I feel the potential for development of new forms of tenure in provision of housing being strongest among cooperative solutions with an eye to a viable non-residualised social housing sector. In cooperative systems for housing provision lies a multitude of different solutions concerning scale, type of housing, savings and investment, construction including self-building and self-management for low to moderate income housing projects, i.e. alternative solutions within every stage of the housing provision chain. But they have to be formulated, accepted by the consumers, politically accepted and supported by at least one or the other major political parties in the respective countries. If we as housing researchers can identify and convincingly argue for the necessity of such solutions – they might be socially constructed by policy-making in the same way as the dominant conception of today is a social construct.

So the old needs, the new aspirations and the political possibilities are out there. Let us help them to come into being!

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