

# Resilience and Fragility in Social Housing Systems: The micro political economy of social renting in Western Europe



Presentation to the ReDwell Conference - Sustainable Living,  
Affordable Homes, Meeting the Challenge Together  
Barcelona 16-17th of May, 2024  
Professor Michelle Norris  
Geary Institute for Public Policy  
University College Dublin, Ireland.



This project has received funding from the European Union's Horizon Europe research and innovation programme under grant agreement N° 101132325. The views expressed in this publication are the sole responsibility of the author/s and do not necessarily reflect the views of the European Commission.

# Literature on Social Rented Housing is Dominated by Declinist Narratives

## Trends since social housing's 'golden age'

- **Reducing** - as a proportion of households accommodated
- **Residualising** - concentrated on housing the lowest income and socially excluded households
- **Retrenching**: capital spending on social housing provision is falling as a proportion of total public spending.
- **Housing is the 'wobbly pillar' under the welfare state.**

## Drivers of these trends:

### Fundamental:

- Housing's asset value - because private property rights are central to market economies, policies that threaten these rights are strongly resisted.
- Housing's value in resolving socio-economic crises changes over time.
- 'Lumpy', capital focussed public spending on social housing, the effects of which are spread over a long time

### Proximate:

- Social housing was vital to addressing post-war socio-economic challenges
- The 'modernisation' of housing markets meant this was no longer the case from the 1970s
- Declining electoral power of the working class and social democracy
- Rise of neoliberalism
- 'De-legitimation' of social housing as the best solution to housing problems.

# Inspired by Contraction of the Sector in Anglophone and ex-Communist Countries

Country	1990	Mid/late 2000s	Mid/late 2010s
Austria	22	23	23.6
Belgium	Nav	7	4.2
Czechia	40	20	0.5
Denmark	17	19	21.4
Estonia	Nav	1	1.1
Finland	Nav	16	10.5
France	17	15	18.7
Germany Ex GDR	Nav 74	5 Nav	2.7 Nav
Hungary	26	3	2.6
Ireland	10	8	12.7

Country	1990	Mid/late 2000s	Mid/late 2010s
Italy	6	4	Nav
Latvia	74	0	1.9
Lithuania	Nav	Nav	0.8
Luxembourg	Nav	Nav	1.6
Malta	Nav	6	5.5
Netherlands	38	32	34.4
Poland	Nav	12	7.6
Slovakia	27	4	1.6
Slovenia	Nav	6	4.7
Spain	2	Nav	1.1
United Kingdom	25	20	16.7



**This paper adopts a different approach:**

**Rather than focussing solely on the fragility of social housing systems:**

- it examines the significant vestiges of resilience that has persisted, and
- tries to clarify why this tenure has proved resilient in some countries, but fragile in others.

**Rather than concentrating on the role which macro political economy factors, primarily external to social housing systems, play in shaping this resilience and fragility:**

- It focuses instead on the influence of political and economic factors which are primarily internal to these systems
- It examines the micro-political economy of social rented housing in Western Europe

# Concepts and Cases

In this paper the terms resilience and fragility are used in a specific and rather narrow way to refer to:

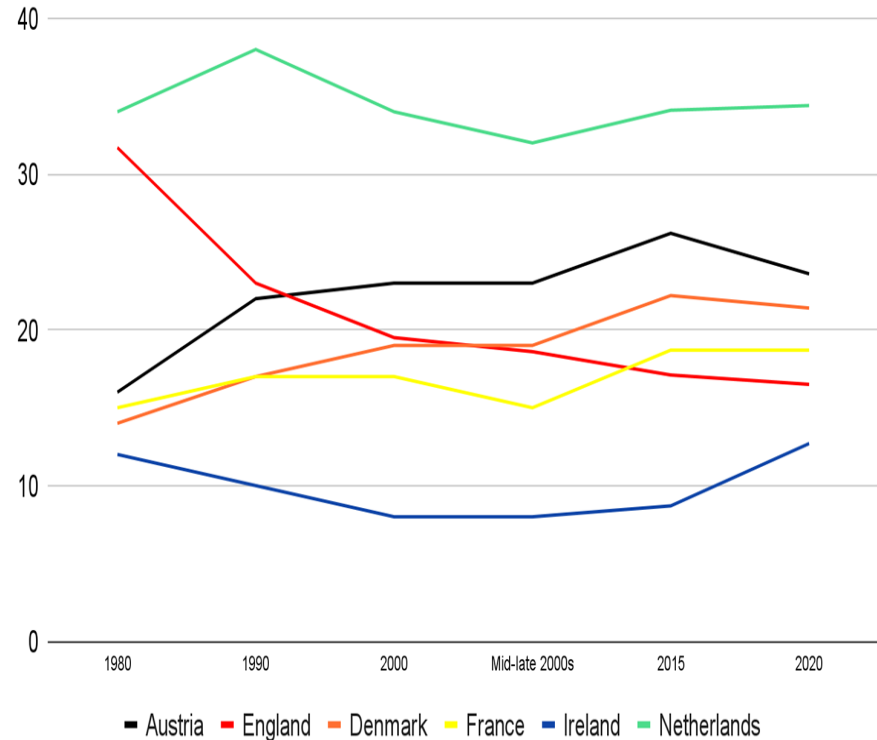
- the tendency of social housing sectors to expand (in resilient cases) or contract (in fragile cases) over the long run in terms of the proportion of all households accommodated and,
- the ability or inability of these sectors to continue to expand or at least retain their share of households accommodated in context of challenges related to the wider political economy.

The paper examines four elements of micro political economy:

- Finance
- Land
- Tenants
- Organisations

These are often mutually reinforcing in a social housing system

% of Households in Social Rented Housing



# Finance

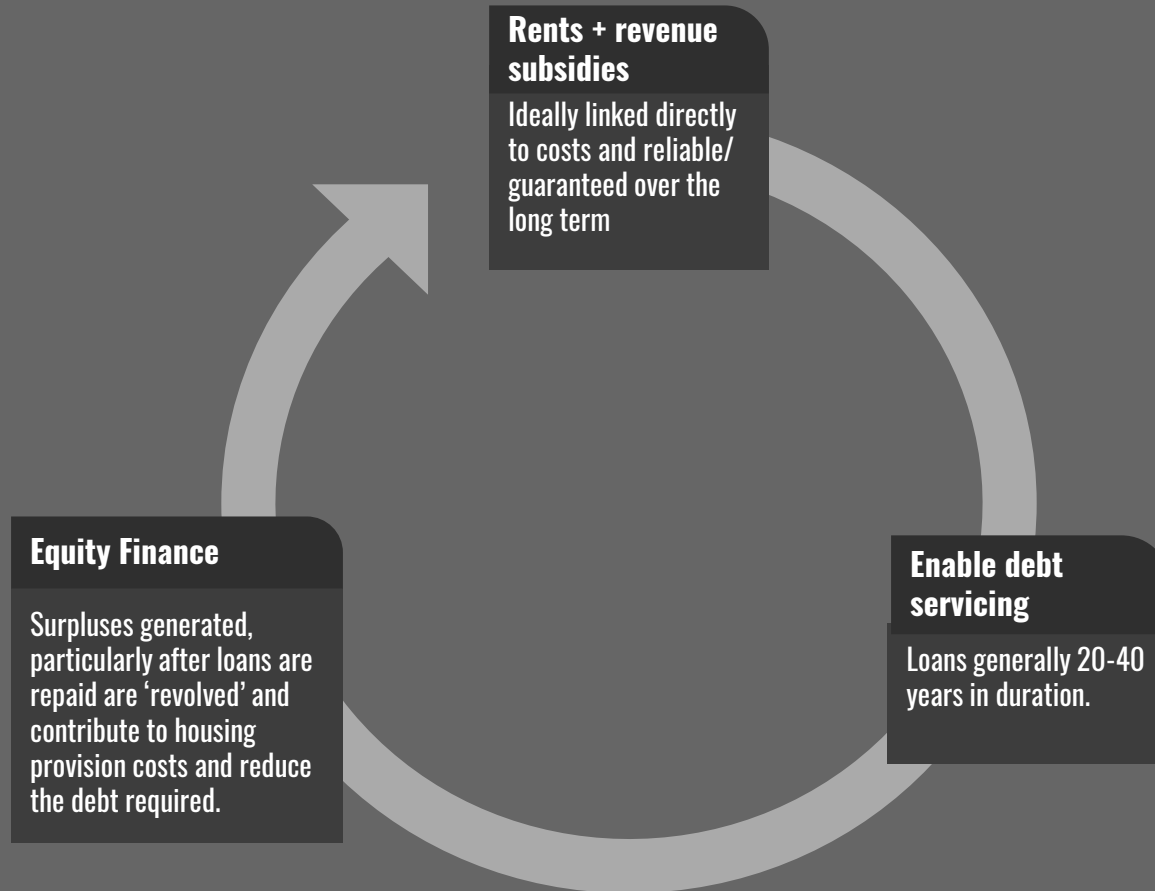
Social housing provision requires lumpy, up front capital spending before the service can be provided, and dwellings are let at sub market rents.

Consequently, the sources, form and cost of this finance are key determinants of this tenure's resilience or fragility.

# Main sources of capital finance for social housing output in the case study countries

% of total	Austria	Denmark	England	France	Ireland	Netherlands
0-10	Tenants' security deposits (1-10%)	Loans from private mortgage banks (86-90%)	Public capital grants (0-30%)	loans from the Caisse des Dépôts et Consignations (70%)	Central government capital grants (70-100%)	Bank loans (70-80%)
11-20	Loans from regional government					
21-30						
31-40						
41-50	Social landlords' own equity		Cross subsidies from cheap land or provision of market housing (0-30%)			
51-60						
61-70	Private bank loans (40-60%)		Bond issues and private bank loans (30-70%)	Social landlords' own equity (12-17%)		
71-80						
81-90				12-18% local or regional government subsidies	Local government equity (0-30%)	Social Landlords' own equity (20-30%)
91-100						
Minor or irregular sources		tenants' security deposits (2%). Interest rate subsidies, government (0-5%)		1 % employer tax, reduced VAT, business & land purchase taxes.		

# Revenue Income is a Crucial Enabler of the Adequacy of Capital Finance



# Characteristics of Capital Financing Arrangements that Influence the Resilience and Fragility of Social Housing Systems

## Breadth

The number and variety of sources used to fund the social housing sector and the relationship between them.

## Stability

The volume and cost of finance provided over the medium to long term.

## Permeability

The extent to which investment in social housing provision is retained and recycled within the social housing system or it seeps out.

# Tenants

The socio-economic and ethnic profile of tenants has a significant impact on the trajectories of social housing systems in terms of financial and political fragility and resilience.

# Land

A significant and often neglected driver of social housing's resilience and fragility:

- usually a very large component of the costs of housing delivery
- cheap land is an enormously valuable 'invisible' subsidy for delivery.

# Approaches to providing land for social housing in the case study countries



# Changes in Approaches to Providing Land for Social Housing in the Case Study Countries Since World War II

No change	More Marketised Over Time	More Decommodifying Over Time
<p><b>Ireland:</b></p> <ul style="list-style-type: none"> <li>- subsidising land markets approach, plus inclusionary zoning in recent decades.</li> <li>- ties social housing output strongly to the market.</li> <li>- Not a problem when markets are depressed but challenging to afford when markets are booming.</li> </ul>	<p><b>England:</b></p> <ul style="list-style-type: none"> <li>- radical legislation to enable municipalities compulsorily purchase residential land at existing use value introduced in 1947.</li> <li>- supported building of social housing and new towns</li> <li>- removed in 1961 and replaced by inclusionary zoning from 1990s.</li> </ul>	<p><b>France:</b></p> <ul style="list-style-type: none"> <li>- no action to provide land for social housing until the introduction of the Zone d'Urbanisme en Priorite (ZUP) in 1959.</li> <li>- empower municipalities to purchase the land via pre-emption, compulsory purchase or negotiation.</li> <li>- since then a large number of similar measures have been introduced.</li> </ul>
<p><b>Denmark:</b></p> <ul style="list-style-type: none"> <li>- No specific supports for social housing land purchase but controls on purchase price.</li> <li>- However, a longstanding land value tax discourages land hoarding and promotes efficient operation of residential land markets.</li> </ul>	<p><b>Netherlands:</b></p> <ul style="list-style-type: none"> <li>- municipalities provided almost all residential development land by buying and servicing raw land until the 1990s</li> <li>- land for private housing cross subsidised land for social housing.</li> <li>- system weakened by the 1990s and partially replaced by inclusionary zoning,</li> </ul>	<p><b>Austria:</b></p> <ul style="list-style-type: none"> <li>- housing associations are legally required to reinvest their surplussed in land acquisition</li> <li>- municipalities have become much more activist in managing land supply in recent decades.</li> <li>- Can sell or lease public land for social housing - wohnfonds_Wien land banker for Vienna.</li> <li>- Zoning for social housing &amp; higher densities.</li> </ul>

# Organisations

Social landlord's organisational independence from government is generally associated with more resilient social housing sectors, particularly associated with higher levels of financial independence.

However, it is important that government regulate social landlords to protect their social purpose - ideally via legislation.

# Conclusions:

The long term trajectories of social rented housing systems, in terms of the proportion of households they accomodate, are undoubtedly shaped by the macro political context in which they operate.

However social housing systems have an internal economy, politics and social profile and this 'micro-political economy' also influences their fragility and resilience.

This paper has examined the implications of this micro political economy for the themes in the research literature on social housing.

However, the ideas presented here can also inform the design of policies and campaigns to protect and expand social rented housing systems.