

Social enterprises and housing

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Basic properties of housing

- Sustainable goods
- Require major investment prior to being available
- Capital goods as well as user goods
- Limited mobility of supply and demand
- Irreplaceable good
- Quality has strong social consequences for the end user

Economic consequences

- ✿ Surpluses and shortages exist simultaneously
- ✿ Supply adapts only slowly to qualitative and quantitative changes in demand
- ✿ Badly functioning exit mechanism
- ✿ Strong repercussions of construction / trade on the general economy



Social consequences

- ✿ Good-quality housing unavailable to many people at market rate
 - ⇒ Separation of ownership and consumption
 - ⇒ Subsidisation of people or buildings
- ✿ Collective action problems: quality of public space to large extent determined by the quality of individual houses (and their inhabitants ...)



Why governance matters

- ✿ State-controlled housing providers have a restricted mission
- ✿ Opportunities offered by the ownership of housing are used very selectively
- ✿ What could social enterprises contribute? Could they do more?
- ✿ Dutch social housing interesting 'critical case' study, because of extreme institutional arrangement

Background: early Dutch history

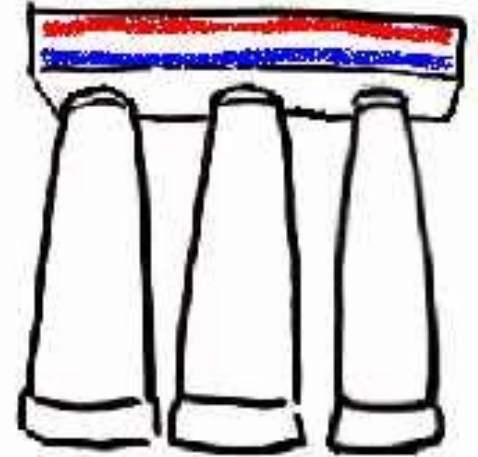
- ✿ Common enemies: water + the Spanish
- ✿ Many religious groups and no space
- ✿ No natural resources; dependence on trade
- ✿ Early policy of allowing diverse private (religious / ideological) interests to co-exist
- ✿ Government turns a blind eye to deviations from dominant religion





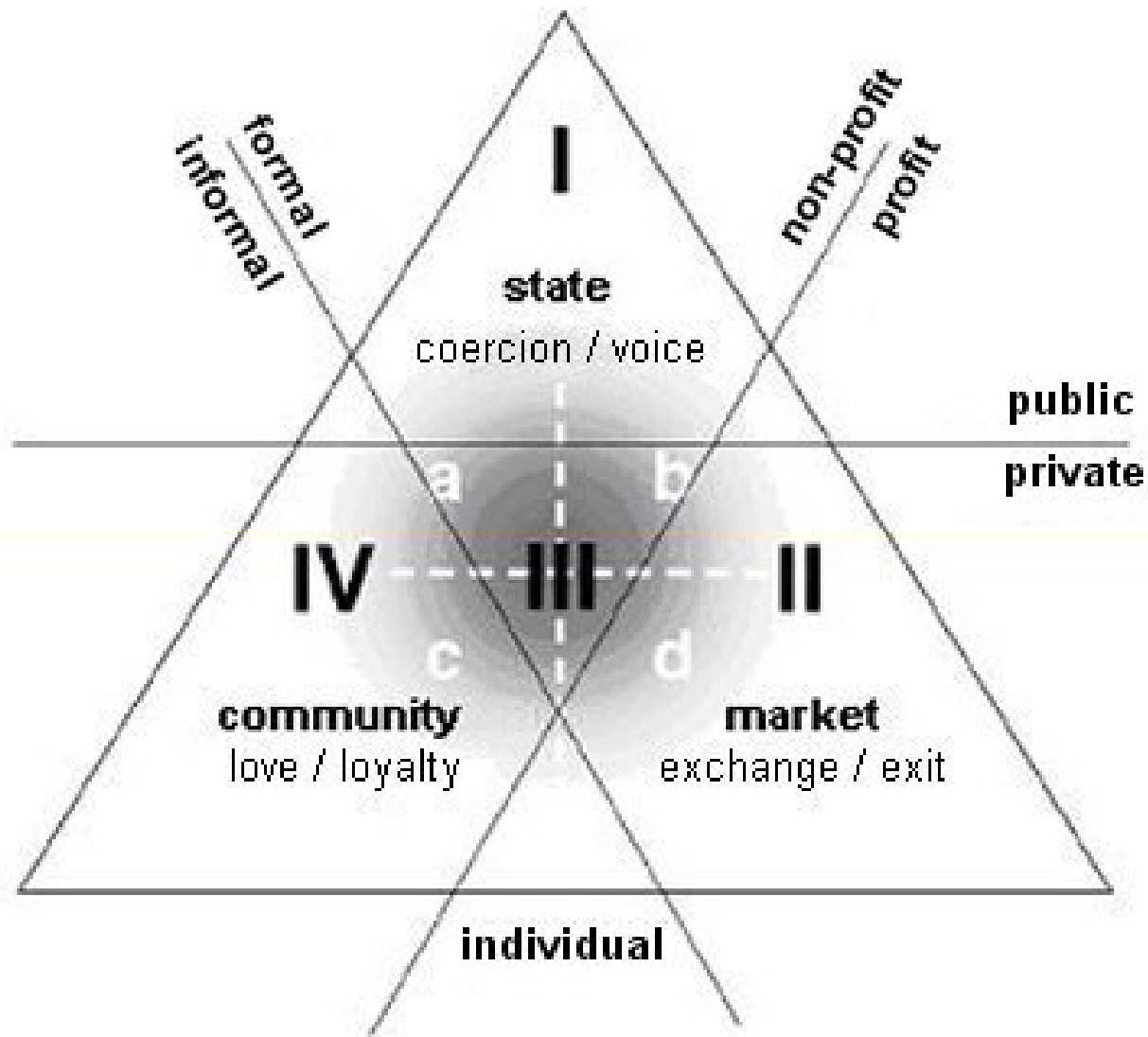
Integration of private interests in welfare state

- ✿ End 19th century: Catholic and Socialist emancipation
- ✿ Vertical integration in pillars: Catholic schools, hospitals, housing associations, newspapers, political parties etc. (and the same for all the others)
- ✿ Government funds private organisations to deliver public services
- ✿ Integration of private interests into the welfare state
- ✿ And they grow, and they grow ...



Privatisation

- ✿ NPM introduces contracting-out and competition \Rightarrow organisations receive more autonomy
- ✿ Creation of hybrid organisations
- ✿ And they call themselves ... “social enterprises”
- ✿ In social housing, similar path



Social housing

- ✿ Small housing associations grew very large on state funding
- ✿ Currently: over 30% of all housing (in early '90s still 40%)
- ✿ By late 1980s: state funding no longer given; self-financing and very large extent of autonomy
- ✿ What can social enterprises achieve in this area that state-controlled housing companies cannot?

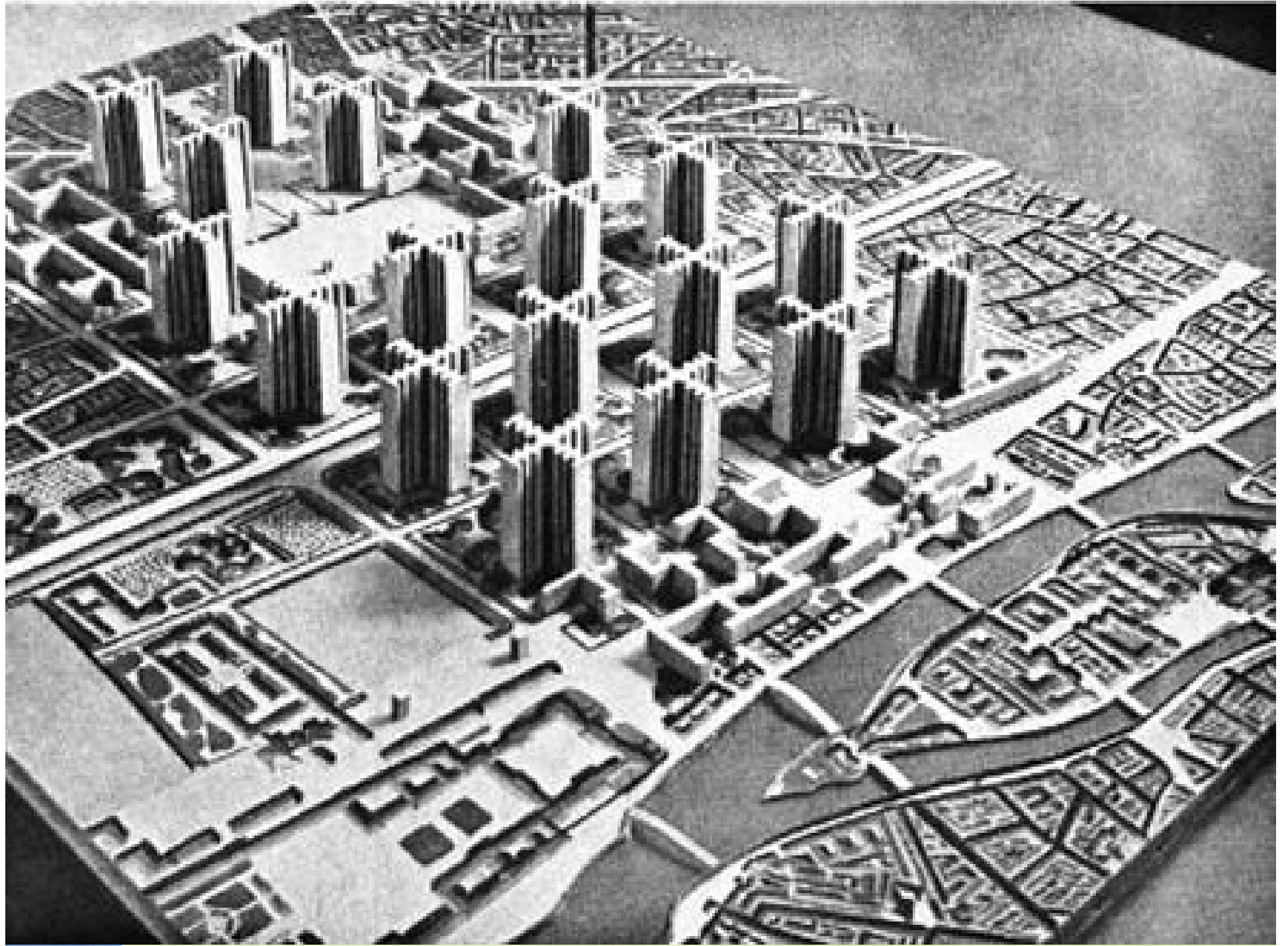


Broader interpretation of mission

- ✿ Offering integrated packages of services
- ✿ Need to transform into networking organisation
- ✿ Capital and direct access to people offer almost unique position

Intermediary role

- ✿ Different ways of resolving the tension between bureaucratic differentiation and the undifferentiated needs of citizens
- ✿ Mediating by pro-actively approaching individual citizens / households
- ✿ Transfer costs of mediation
- ✿ Diminishing the need for 'bureaucratic competences'



Conclusion

- ✿ A different type of governance structure, with room for social enterprise, can utilise the potential of social housing more fully
- ✿ But: the difficulty is to get to that structure
- ✿ Creative public service delivery essential for the reform of society