The Essentials of Social Housing
Keynote ENHR Conference ‘Sustainable Urban Areas’,
Rotterdam, 26 June 2007
Hugo Priemus
Delft University of Technology

1. Introduction

My academic career began in 1960 when I registered at Delft University of Technology as a student of architecture. Since 1961 I transformed the study into a tailor-made individual study, because I became fascinated by housing. In 1964 I started my PhD project on ‘Creativity and Adaptation in Housing’. It would be fair to say that I have been active in housing research ever since: a period of 43 years to date. I must confess, however, that I was unable to confine myself entirely to housing. There was more: building regulations, real estate markets, urban development, urban restructuring, spatial planning, land policy, transport, and infrastructure, including transport automation, terminals and multimodal freight transport. But housing (in particular social housing), housing markets and housing policy have always dominated my work and thoughts.

After more than 40 years in research, I could have chosen to unravel a new topic. But I decided to backtrack to the essentials of social housing. What exactly lies at the core of social housing, housing markets and social housing policies? What is left when you’ve peeled off the skins? The organisation of this paper is fairly straightforward. I start with the house itself. What is the meaning and role of a house in this day and age? I attempt to identify the constant and dynamic factors in the housing process. This brings me back to my PhD study ‘Creativity and Adaptation in Housing’, which was published in 1969 (in Dutch). There are more than enough reasons for updating the findings of nearly four decades ago.

Then I move on to the second part: What are the mechanisms and basic characteristics of housing markets and the informal sector? I consider the housing system as a smart mix. This section relates to my second academic study: general economics at the Erasmus University Rotterdam. I am now going back only three decades.

Finally, I pose the question: What is the aim and impact of social housing policy? I present an agenda for housing policy in the future and present housing associations as part of the solution. I shall approach the material in the manner of a sculptor, chipping away layers of knowledge accumulated over the years until I get to what I perceive as the core: the essentials of social housing.

2. The changing role of the home

A home is a basic necessity for sedentary beings. Our early ancestors led a nomadic existence before evolving into settlers. In 1964, after months of fieldwork on traditional dwellings and housing environments in Morocco (Kasba 64 Study Group, 1973), we traced the stereotypical home to three origins: the cave, the hollow and the tent – all of which were popular among nomads. Over the centuries, homes have developed in their own characteristic ways in different...
parts of the world. Many have endured for centuries. So, the housing stock reflects past as well as present tastes and norms.
The home has a number of specific characteristics which – between themselves – have left a deep imprint on the house-building market and the housing market: locational ties, proximity to infrastructure, long life expectancy, the specific function that is more or less indispensable, and high prices – at least in relation to many household incomes (Clapham, 2004). There are very few generally accepted substitutes for a home.
The home provides an address where the members of the household can be reached (Tellegen, 1965: 132) and a base for interaction with others, in the neighbourhood or further afield. However, since we entered the digital era, websites have served these purposes as well.
The home and the neighbourhood confer a certain status on the residents which more or less matches their own self-image.
Since the industrialisation the home is regarded as the centre of consumption. It is also a place where the household spends much of its spare time and, of course, a place of work – mostly unpaid housework, associated almost invariably with women. Even today, the symmetrical family (Young & Willmott, 1973), in which paid and unpaid work is evenly distributed between the partners, is still a rarity. Housework encompasses activities such as cleaning, making beds, vacuuming, sewing, knitting, cooking, washing up, laundry and childcare. The paperwork (tax and bills) are more often than not the responsibility of the man.
Recreation (Marxists call it the reproduction of labour power) is expressed in, amongst others, sleeping, eating, sex, parenting, watching TV and computer screen, listening to the radio and CDs, and drinking tea, coffee, juices and alcohol.
From earliest times the home has provided shelter from the climate and external threats. It is also a meeting place where contact with the neighbours is maintained, visitors are received, birthdays are celebrated and guests may come to stay. It is an address where people can be reached. It has a letterbox, a doorbell, a phone number, – frequently – a website and a parking place.
Recently, the facilities that used to be associated with the home – the place-based facilities – have become more and more activity-based, i.e. linked to individual members of the household. Take, for example, mobile phones, laptop computers and ipods. The rapid advance of digitisation has meant that the home is no longer just a physical hub in a network of contacts. It has become a virtual hub as well, in which more and more people are doing paid work.
We have not completely arrived at the vision described by Alvin Toffler in 1981: the home as an electronic cottage for jobs that were otherwise carried out in factories and offices. Toffler predicted that the industrial revolution would be followed by another era in which manufacturing would be superseded by services and information. Toffler saw the home as the foremost production site in this scenario. However, to some extent, he has been proven right.
The organisation of employment has indeed undergone some drastic changes of the type that Toffler predicted. Though there is still no reliable evidence to back it up, the home does seem to be turning into a centre of paid employment, in particular for people in creative jobs (Florida, 2005): journalists, academics, writers, painters, translators, consultants etc. are doing far more work at home. In the Netherlands around 80% of new businesses are started up in the home. Factories and offices (in particular) still exist, but more often as a place for maintaining face-to-face contact with colleagues than as full-time workplaces.
The home has evolved into a hub for virtual as well as actual contact. It has joined the workplace as an important ICT node. Residents are making increasing use of the Internet to stay in touch with other residents, employers and suppliers.
Easy access to employment is still a major factor in determining the price of a home. The growth in double-earner households has made regional job opportunities all the more important. Another key factor is the proximity of schools.

Households are traditionally associated with one dwelling. Most housing researchers have neglected a crucial phenomenon: the second home, the holiday cottage or apartment, where more and more (members of) households are spending their free time. Denmark and the Netherlands are the only EU countries that make a legal distinction between a first and a second home. Other countries have not followed suit, perhaps because of the difficulties of enforcing legislation that flouts domestic peace and privacy (Priemus, 2005).

A strong dynamic relationship exists between housing and demography. The demand for housing is closely intertwined with migration. The formation of households pushes up the demand for housing – sometimes it is the other way around with bizarre consequences. Mr. Bepol argues in the book ‘The new man’ by Thomas Rosenboom: “Just build a house, the wedding will follow” (‘Eerst maar eens een huis bouwen, dan komt dat huwelijk vanzelf’, Rosenboom, 2003: 57).

The rise in prosperity in western countries was accompanied by smaller households, lower levels of occupancy and more personal belongings in the home. Demography seems to be tied in with economics (Ermisch, 1983; Van Fulpen, 1985). We are seeing more single-person households, especially in the cities, and more dynamic partnerships (variations on the theme of Living Apart Together) involving two homes instead of one. We can no longer assume that one household = one dwelling.

Finally, the literature has surprisingly little to say about the decision-making within households consisting of more than one person. Except for Molin (1999), who explores the differences in the housing preferences of members of the same household. These turn out to be far greater than
the individuals themselves realise. Household decisions (e.g. the decision to move house) reflect the power hierarchy in the household. Mincer (1978) demonstrated long ago a strong connection between residential mobility, movements in the labour market, commuting, and household dissolution, in the decision-making of double-income households.

3. Market, government and informal sector: the institutionalisation of decision-making

There are three archetypal mechanisms for coordinating decisions (Priemus, 1983: 6-8):

1. Small informal groups (households, friends, acquaintances, clubs) with no financial transactions or costs: the domestic or informal sector, the cornerstone of civil society.
2. An impersonal mechanism: the market. Or, in plain terms: there is no public body which coordinates decisions. Price is an important factor.
3. A public body (developing and maintaining the law, mobilising subsidies, and using, propaganda): the government.

These are all idealtypical models, which represent an extreme. ‘Pure’ competition on the housing market and ‘pure’ government control do not exist. In most modern societies there are varying combinations of competition and government control.

It is impossible to draw a sharp dividing line between decision-making by government, by consumers, and by producers. Countless institutions have emerged through time, which combine private interests with a public remit. Take, for example, housing associations, advisory boards in the housing sector, and urban renewal project groups. They all play important roles in the decision-making processes and can usually be found in what van Doom (1977) dubs “the midfield of society”.

This picture of institutions has a lot in common with the vision presented by Smith (1971): “Many of the decisions made by a market-oriented housing section are made at a level between the individual and the entire community, by groups of people who consciously coordinate their activity. These social aspects of a market system are often called ‘institutions’ and certain types of institutions are indispensable for the effective behavior of a market economy in the housing sector” (Smith, 1971: 53-54).

Such institutions are created by individuals. Lambers (1958) would describe this as internal institutionalisation of the market. They can be harnessed by the government to influence or determine how the means of production are allocated (external institutionalisation of the market). Public decision-making is likewise subject to institutionalisation. Taking our cue from Lambers, we could say that the political decision-making is internally institutionalised if the institutions in question are created by the government (rent commissions, National Housing Advisory Board), and that the public decision-making is externally institutionalised if private individuals have taken the initiative (pressure groups in the housing sector, such as Aedes, Vereniging Eigen Huis, the Raad voor Onroerende Zaken, and the Dutch National Tenants Organisation).
4. Public sector: ‘housing and non-housing policies’

The government generally performs a number of roles:
(a) As a facilitator of the market, trying to improve efficiency by, for example, promoting a level playing field.
(b) As a regulator, setting standards for buildings and the environment, bolstering demand.
(c) As an institution promoting fairness by redistributing wealth.
(d) As a coordinator and manager, preventing or breaking stalemates by, for example, orchestrating spatial development programmes or managing urban regeneration.

The government seems to have difficulty relating to the heterogeneous nature of housing and housing services and the diverse and changing housing preferences of consumers.

History has taught us that housing issues can be eclipsed by extraneous policy. Bourne (1981: 212) illustrated this tendency with a list of ‘non-housing policies’ which have a strong impact on housing (see Table 1).

Bourne (1981: 213) makes an important remark in relation to this list: “... what one must consider as housing policy is nothing less than the summation of all spatial and sectoral decisions which shape the geography of housing production and consumption in a city or country. In these terms, it is not surprising that direct housing policies, narrowly defined, are often inadequate in scale, diffuse in their intentions, and misdirected.”
Table 1  Some ‘non-housing policies’ which have an impact on housing (according to Bourne, 1981)

<table>
<thead>
<tr>
<th>Policy sector</th>
<th>Example(s) of policies</th>
<th>Possible impacts on housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>Emphasis on highway construction rather than public transit.</td>
<td>Encourages the construction of decentralised new suburban housing</td>
</tr>
<tr>
<td>Taxation</td>
<td>Exemption of personal residence from capital gains tax.</td>
<td>Shifts personal investments into housing, increasing the consumption and price of housing.</td>
</tr>
<tr>
<td></td>
<td>Tax relief on mortgage interest.</td>
<td>Encourages greater housing consumption, particularly among higher-income groups, and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>stimulates household relocation.</td>
</tr>
<tr>
<td>Investment</td>
<td>Depreciation allowances and investment tax havens.</td>
<td>Encourages the construction of new (rented) housing, devalues what is old.</td>
</tr>
<tr>
<td>Industry and employment</td>
<td>Incentive to ‘rationalise’ industry, and stimulate high-tech industries.</td>
<td>Encourages geographical concentration and reduces the demand for housing in disadvantaged areas.</td>
</tr>
<tr>
<td>Fiscal and monetary</td>
<td>Regulating the economy through credit restrictions.</td>
<td>Leads to excessive cyclical fluctuations in the housing supply.</td>
</tr>
<tr>
<td>Social services</td>
<td>Returning institutional patients to the community.</td>
<td>May create medical ghettos in private housing market.</td>
</tr>
<tr>
<td>Environmental</td>
<td>Environmental criteria for development projects.</td>
<td>Higher standards may delay and push up the costs of new building.</td>
</tr>
<tr>
<td>Education</td>
<td>Creating new schools and closing old ones.</td>
<td>Adds to or subtracts from the price and quality of housing in a school district.</td>
</tr>
<tr>
<td>Welfare</td>
<td>Federal transfer payments.</td>
<td>May encourage poor households to concentrate in older housing in city centres.</td>
</tr>
</tbody>
</table>


5  Informal sector: production by the consumer

The informal or domestic sector is where production which falls outside the public or the market sector takes place. Added value is created, mostly by household members, friends and acquaintances, who produce goods and services for themselves and one another (Priemus, 1979a: 32; Priemus, 1979b; see also Cairncross, 1958; Hershlag, 1960; Weinrobe, 1974). These activities, which are performed in what is – inaccurately – labelled ‘spare time’ are usually rewarded in kind. The ‘informal sector’ is a collective term encompassing a number of sub-sectors (the list below is not exhaustive):

1. domestic work: cooking, cleaning, sewing, ironing;
2. built environment: participation in decision-making on: the use, organisation and management of the built environment: participation in project or action groups, gardening, odd jobs, maintenance, renovations;
3. transport: driving, tinkering with and cleaning cars, filling the petrol tank, cycling, shopping, school run;
4. education: testing knowledge, working for school magazine, parent association, parent participation;
5. (health)care: baby-care, baby-sitting, caring for the sick, caring for grandparents
6. other subsectors: e.g. allotments.
Estimates suggest that production in the informal sector accounts for around 40% of what goes towards the national product (Bruyn-Hundt, 1978; Hawrylyshyn, 1976). The level of employment in the informal sector (expressed in hours) is probably 1.5 times the level of employment in the private and public sector taken together (Knulst, 1977: 16). According to the Dutch social and cultural planning agency (SCP, 1982: 6), the Dutch do twice as much unpaid work as paid work.

Burns (1975: 165) predicts that the private sector will shrink in the post-industrial era and that the informal sector will expand. Developments since 1975 show that Burns seriously underestimated market dynamics. All the same, the informal sector is still likely to expand in the future. In Priemus (1983: 25) I said in relation to the theory of the expanding informal sector: “The more capital goods there are in the informal sector, the higher the productivity in this sector. In addition, the cost of labour will become higher in the public and private sector due to taxes, social insurance, inflation etc. This will make labour-intensive activities relatively expensive and, in a post-industrial society, we shall see a systematic decline in labour-intensive production in the private sector and a relative increase in the informal sector.”

The theory of the expanding informal sector goes hand in hand with another theory: ‘the increasing integration of home and workplace’ - expounded by Toffler (1981) amongst others - which states that transport costs in general and commuter costs in particular will rise while the costs of telecommunication will fall. The burgeoning development of ICT and computers is enabling more and more people to work entirely or partly at home. As teleworking facilities improve, more employees will demand to work at home, particularly given the increase in double-earners and part-timers. The spatial and temporal distinction between work and spare time and between work and home will fade in the decades ahead.

Vance (1966: 299) observed that, before the industrial revolution, the workplace and the home were more or less integrated: “Man’s life was generally a geographical whole”. It was the industrial revolution that tore them apart, with profound consequences for the shape and lay-out of the city. Vance (1966: 309): “Only when the provision of housing became divorced mentally as well as functionally from the establishment of mills and shops was a true housing market created in cities”. Before then, the housing market was directly linked to the production processes.

The industrial revolution brought about a transition from ‘specific housing’ to ‘generalised housing’. It is not inconceivable that the post-industrial era will bring about a reverse transition from ‘generalised housing’ to ‘specific housing’.

I observed over twenty years ago that “these developments could lead to radical changes in the housing sector in the coming years” (Priemus, 1983: 27). Since then we have witnessed the spectacular rise of the PC and the mobile phone. Hence, my expectations are unchanged.

In my inaugural lecture (Priemus, 1977) Housing: Oratio pro domo I pointed out that the economic significance of housing is underestimated, not least because the production that takes place in the informal sector is not included in the GNP. I quoted authors such as Cairncross (1958) and Gershuny (1979), who see the home as a centre of economic production, Stretton (1976), who stresses the economic importance of the domestic sector, and Nerlove (1974) and Becker (1965), who introduced the ‘new home economics’.

I maintain that housing should be accorded higher priority in politics “because the vast majority of needs can be satisfied in and around the home, because it forms the entourage for an ever-increasing part of the production process – which can take then place in an environmentally-friendly manner – and because, without government action, we might end up with a deficiency in supply and a very unequal distribution of living space ...” (Priemus, 1977: 26). I advocate a productive role for the resident on the housing market and the house-building market: “People provide and create their own housing. This is the angle from which I shall study housing.”
The housing market should be looking for an alternative to institutional ownership: a new concept, similar to private ownership. Residents should also have more input in the house-building market, largely in the capacity of principal (Habranken, 1961; Turner & Fichter, 1972). This normative approach may sound a bit idealistic, but I still stand squarely behind it in 2007.

Since 1977 the mainstream economy has followed a different course from the one I predicted. In 2007 we are still neglecting the informal sector. Apart from some small-scale experiments and more or less empty policy statements there are very few signs of resident input in the housing or house-building market. This could form an extensive and intriguing challenge for future generations of housing researchers and policymakers.

Homes tend to derive their meaning from the social and physical environment. Contact with the neighbours and relations at neighbourhood level are usually based on weak ties (Granovetter, 1973). When the residents have a lot in common (as in the case of extended families and traditional, relatively homogeneous living communities) strong ties evolve which are primarily associated with bonding capital. The outside world sometimes finds these close-knit groups difficult to penetrate. Weak ties are often associated with bridging capital, which establishes relationships between different groups. More and more attention is being paid to the significance of social capital (Putnam, 2000), which is expressed in norms and values, mutual support, trust and the promotion of collective interests.

Neighbour relations, social capital and both weak and strong ties are important factors in the informal sector, which is linked to the market through innumerable lines of connection, such as tenants' associations (which negotiate rent reviews and maintenance), owner associations (responsible for the management and maintenance of the communal space on housing estates), and at national level, the Nederlandse Woonbond (Dutch National Tenants Organisation) and the Vereniging Eigen Huis (Dutch National Association of Owner-Occupants).

6. The housing system: a smart mix

In Western Europe it is widely believed that neither an entirely free market nor state regulation will deliver an optimal solution. Economists, policy experts and others have formulated criteria and arguments for government intervention, such as warding off adverse external effects, the delivery of collective goods and services, and boosting the consumption of merit goods and/or goods with positive external effects. Arguments like these have prompted many governments to intervene extensively in healthcare, education, social services, defence and many other sectors. In other areas such as the production, consumption and distribution of most consumer and investment goods the market is regarded as the best mechanism.

In this mixed system housing seems to occupy a mid-position. This explains why Lansley (1979) describes it as “the microcosm of the mixed economy”. After all, wherever we look we see a state-regulated non-profit-making rented sector alongside sectors where the market rules the roost. Any government interventions are usually half-hearted: admittedly the rents are regulated but there is free movement in interest rates and the price of land. The entire building industry is largely outside government control (Lambert et al., 1978: 167-168).
The various visions of the optimal housing system and the need for political compromises have resulted in segmented housing markets and segmented housing policies (Van der Schaar, 1979).

Housing is provided by a non-profit-making rented sector, a commercial rented sector and an owner-occupied sector (Murie et al., 1976; Van der Schaar, 1979). The segmentation of the housing market and the housing policy lies at the heart of many inconsistencies and is making the system even more obscure to the wider public.

One could say that the segmented supply reflects the different sectors that we described earlier: the non-profit-making rented sector fits primarily in the public sector (though private organisations are hired to manage it), the commercial rented sector fits primarily in the private sector (though the government plays an important conditioning role) and the management patterns in the private ownership sector fit primarily in the informal sector (though funding is usually organised via the market) (Figure 3).

One point worth noting is that this three-way split manifests itself clearly in the management of the housing stock whereas the design, development and construction of housing take place mostly or exclusively in the private sector. The public sector and the informal sector play only a secondary role in the development of housing in the Netherlands. This likewise applies to real-estate funding, real-estate services and trade, and the supply of household attributes, including garden products.

Not everyone is happy with the mixed ‘housing system’ which exists at present. In a talk on housing problems in England Robson observed (1975: 52):

“The curious mixture of private capitalism and public welfare, through which the housing market operates, creates inconsistencies and widens divisions in the allocation of what is a social need, not a consumer luxury.”

7. Housing policy: agenda for the future

Also in the future there are still convincing reasons for government intervention. These were articulated in the recommendations of the Netherlands Advisory Board on Housing, Spatial Planning and the Environment: (VROM Raad, 1999):

1. promotion of market forces;
2. strengthening the demand side of the housing market;
3. promotion of innovation and housing dynamics;
4. risk reduction and promotion of stability;
5. ward off negative external effects;
6. horizontal coordination of housing policy with other policy fields, such as spatial planning, environmental policy, urban renewal, policy for the aged, and policy on poverty;
7. vertical coordination of housing policy by, on the one hand, taking advantage of EU frameworks and promoting policy harmonisation between EU countries, and on the other, by promoting synergy between municipal, provincial and national housing policy. VROM Raad (1999) also mentions redistribution as a policy goal, primarily by supporting the demand in low-income groups, also with a view to the merit of good housing. I wonder more and more whether redistribution is a goal of housing policy, or primarily a goal of general income policy (Priemus et al., 2005; Grigsby and Bourassa, 2004).

The instruments for a market-oriented, demand-based housing policy differs in many respects from the instruments for a more supply-based policy (Priemus, 2002). Many housing policy instruments are still moulded by the shortages which have affected housing markets since World War II. The housing systems in Western Europe have long experience of rent policy, housing allocation procedures and complicated systems of property subsidies and housing allowances. All these instruments were considered necessary, because rents were regulated at a level below equilibrium. This approach necessitated a distribution scheme and property subsidies to boost supply and compensate for the low rents. Later, when rents increased (since the 1970s), housing allowances were introduced to stimulate demand among low-income households.

A buyer’s market is emerging in parts of Western Europe and in certain segments of the housing stock. Shortages will now make way for (threatening) surpluses. According to general market theories, the positions of buyers and suppliers will change dramatically as soon as a surplus in demand turns into partial shortages (Kornai, 1972).

8. Housing associations: part of the solution

Social housing in the Netherlands is characterised by the housing association. In many EU countries and in the USA, social housing is a marginal sector which targets poor households and lends credence to the saying that “a sector designed for the poor is poor by design”. A social housing sector that works along these lines generates stigma and spatial segregation (Priemus, 1997). All sorts of social problems accumulate, from unemployment to criminality, and from radicalisation to lack of education. In the Netherlands, social housing has been broad and differentiated since World War II, attractive not only to low-income groups but also to middle-income and sometimes even high-income groups (Priemus, 1995). The size and differentiation in the Dutch housing association sector, combined with the housing allowance scheme, has turned the social rented sector in the Netherlands into an international model, a benchmark for social housing everywhere (Ouweland & Van Dalen, 2002). Thanks to a combination of public tasks and market activities, the vast majority of Dutch housing associations are characterised by a demand-orientation, entrepreneurship and by giving priority to households with a weak position on the housing market.

In the Netherlands and some other EU countries, housing associations become part of the solution when they promote social capital in neighbourhoods, and encourage restructuring projects in urban renewal areas. Finally, it is imperative that both governments and housing associations invigorate the informal sector and strengthen the demand side in the housing markets. The ultimate goal of both housing policy and the housing market has to be serving the consumer and the citizen.
Literatuurlijst


Doorn, J.A.A. van, 1977, De beheersbaarheid van de verzorgingsmaatschappij [The controllability of the welfare state], Beleid en Maatschappij, May: 115-128.


Habraken, N.J., 1961, De dragers en de mensen; het einde van de massawoningbouw [The bearers and the people: the end of mass house-building], Amsterdam (Scheltema).


Knulst, W.P., 1977, Een week tijd [A week’s time], Rijsik ZH (SCP).


Lansley, S., 1979, Housing and Public Policy in Britain, London (Croom Helm).


Priemus, H., 1979b, Volkshuisvesting en de huishoudelijke sector [Housing and the informal sector], *ESB*, 64, 12 September: 921-926.

Priemus, H., 1983, *Volkshuisvestingsysteem en woningmarkt* [The housing system and the housing market], Delft (Delftse Universitaire Pers).


Priemus, H., 2005, Starre woningmarkt door nutteloos onderscheid [A rigid housing market caused by useless distinctions], *Rooilijn*, 38, 1: 41-46.


Rosenboom, Thomas, 2003, *De nieuwe man*, [The new man], Amsterdam (Em. Querido).


