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Comparative housing research and policy: social housing rent-setting in western countries

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Introduction

The conference theme, “Housing and the Credit Crunch – International Experiences and Responses”, raises questions about the impact of the current Global Financial Crisis upon housing. The recent resurgence of interest in comparative housing research and policy also raises the possibility of global collaboration in the resolution of housing issues and problems.

In the 1990s, debates ensued about the possibility, purpose and methodologies appropriate for comparative housing research. In an article written in 2001, Michael Oxley examined its aims and methodologies. He concluded that “one of the greatest confusions in housing research that covers several countries is to box all such work together and call it ‘comparative’.” (103) He further suggested that “the use of the term ‘comparative housing research’ should be limited to research that genuinely compares and contrasts.” He continues “the best of such research produces plausible, evidence-based conclusions about the reasons for the similarities and differences.”

In this article, he advocates “a more scientific approach” (90) to comparative housing research and proposes that teams with different purposes and methodologies collaborate on projects: explorers, empiricists, theorists and scientists. He also raised the difficult issue of the transferability of policies and practices between countries.

In his concluding comments on methodology in comparative housing research, Michael Oxley notes: “International housing research should not be driven by a single methodological approach. Methods and purpose should go together. A variety of aims demand a variety of approaches. Methodology has to be fit for the purpose and it should be explicit. Too much housing research is without a clear method that has been reasoned to be the best way of tackling a particular issue. This is a reflection of a lack of theorising and a concern to engage in lots of description.” (103) It is this linking of method and purpose that characterises, his article, particularly in his exposition of explorers, empiricists, theorists and scientists¹. Each of these research groups has a particular purpose and method that characterise their work.

This paper begins with a brief review of Michael Oxley’s article. But it moves beyond a simple review by suggesting (i) some refinements to the structure of comparative research proposed by Oxley - refinements in the purpose and method of each research group and in the relationships between the work of each research group (ii) the addition of a further research group, evaluators, with its own purpose and methodology, and (iii) some links between the research groups and the contexts for transferring policy between countries and, thus reworking these contexts of transferability into four “implementation” groups. As such it builds on this significant article by Michael Oxley and proposes a division of labour whereby research and implementation groups can divide up the complex work of housing research and the transferability of policies and practices. In this division of labour each group is identified as having a particular purpose and associated method within the whole process of research and implementation.

¹ In this paper, I will refer to these teams of empiricists, theorists and scientists collectively as research groups.

In the second section, I will present an extended illustration of how these research and implementation groups might operate. Coincidentally the same illustration is used by Michael Oxley in relation to the transferability of housing policy, viz. rent-setting. The illustration proposes an analytical framework² for rent-setting. It then outlines how this analytical framework is important to each of the research and implementation groups. In doing so it elaborates further on these groups and locates comparative housing research within one of them. The illustration also presents some material on rent-setting, finance and the role of social housing in some selected countries: United Kingdom, United States of America, Canada, The Netherlands, Sweden, Australia and New Zealand. A conclusion will suggest that a division of work among these research and implementation groups provides a framework for collaborative global creativity, one which more efficiently facilitates the movement of results of work in one group to the next, which addresses the difficulties confronting comparative housing research and policy and, which raises the possibility of global collaboration in the resolution of housing issues and problems.

1. Comparative methodology in housing studies

(i) Michael Oxley's article

Michael Oxley's article in my view is very significant but one which appears to have had little impact on comparative housing studies. The article recognises how difficult "high-level" comparative housing studies is and how much work it takes to do it successfully. As he notes later in the article: "It is likely that, to be successful, teams of nationally based researchers would have to collaborate on such projects." (103)

Michael Oxley suggests that we divide up the work between three research groups: empiricists, theorists and theorists³. Each of these groups has a particular purpose and associated method and they can be related to one another: empiricists "find more facts and collate and organise these facts" (91); theorists "provide ideas to make sense of facts and they may build models and formulate hypotheses" (92); scientists "test hypotheses" (93). I suggest a refinement in one of these research groups, scientists, and the addition of one further research group. Both of these are implicit in Michael Oxley's article and I return to them in sub-sections (ii) and (iii) below.

After his review of different types of comparative analyses, Michael Oxley moves on to the issue of the transferability of housing policy. He notes that while "the purpose of a large number of international housing studies... is to improve policy and practice..." (98) "that international housing studies typically stop short of transferability analysis". (99) He further notes that "there is a strong case for making transferability issues more explicit aspects of such work and developing analytical methods that are focussed on housing transferability." (98) To this end he proposes an examination of policies in seven contexts as follows⁴:

- (i) *Investigate the intended purpose of the points system in country A;*
- (ii) *Consider whether it did achieve its objectives in A;*
- (iii) *Investigate the reasons for it achieving its objectives in A;*
- (iv) *Investigate the role of a wide set of circumstances including social, political, economic, and institutional factors in influencing the outcomes in A;*

² In relation to the work of theorists, Michael Oxley talks about building models and formulating hypotheses. Later he discusses a dispute about theory (92-93) (This dispute was raised again in a recent issue of *Housing, Theory and Society* Vol 25 No 3 2008). Given the ambivalent meaning of 'theory', I have used the term 'analytical framework' to refer to the work of theorists throughout this paper. Later in the paper (see footnote 10) I suggest two different meanings of "theory" that may help to clarify the difference between the two understandings of theory.

³ Given the current state of housing studies and his interest in high-level comparison, Michael Oxley set aside the work of explorers (who are generally interested in low-level comparison). I would go further and suggest that these two groups have the same purpose and associated method except that empiricists are dealing with material about which something is known and explorers are dealing with material about which little, if anything, is known (except the practitioners).

⁴⁴ The particular example used by Michael Oxley is the transfer of a form of points system rents (PSR) from country A to country B.

- (v) *Examine the purpose of social housing rents in B;*
- (vi) *Investigate the feasibility of introducing PSR in B. The roles of social, political, economic, and institutional factors in influencing potential feasibility could be examined;*
- (vii) *Predict the consequences of introducing PSR in B. This would have to take account of forecasts about a wide range of housing and contextual matters in B*

But in doing so, however, he does not connect these contexts of transferability to his previous discussion on the research groups. Such a connection which more explicitly links policy with research would, I believe, add support to Michael Oxley's view that "the value of international housing research in policy and practice circles would be greatly enhanced if rather more sophistication were to accompany suggestions about trying something from elsewhere" (99)

(ii) A refinement to the "theorist" and "scientist" research groups

Michael Oxley proposes that research groups be formed according to their particular purpose and method. The initial difficulty is to distinguish between: primary purposes around which the research groups are formed; secondary purposes that contribute to this primary purpose; and, secondary purposes to which the primary purpose contributes. For example, speaking, listening, reading, thinking and writing are all secondary purposes which contribute to the particular purpose of a research group – each in their different ways. On the other hand, the purpose of each research group is to contribute to comparative housing research.

So when Michael Oxley proposes that the role of the Scientist is to test hypotheses, I would suggest that there are two purposes/meanings of "testing hypotheses". The first purpose/meaning provides a rationale as to why a particular hypothesis or analytical framework is the best available (rather than some other framework). The second purpose/meaning is the testing of the hypothesis or analytical framework as it is being used as a way of understanding what is going on within the particulars of different countries.

Both forms of testing appeal to empirical data but differently. The first, points to the way in which the analytical framework can more comprehensively or more adequately account for or make sense of the data relative to another. The analytical framework proposed by the Theorist goes beyond previous frameworks. It is not merely a bright idea. It is judged a reasonable and adequate analytical framework for what is under investigation on the basis of evidence. Theorists are not simply presenting bright ideas but reasonable ones. This type of testing is the domain of Theorists.

The second meaning concerns the function of this analytical framework – its role is a tool or heuristic for grasping what is going on in particular countries in relation to what is under investigation. The analytical framework provides the investigation with some control over the content of the investigation and, thus, some particular focus. Usually, but not exclusively, it is historians who have developed particular methods and techniques for understanding the particulars about a society. Where historians use an analytical framework as a tool or heuristic (and this framework is not always explicit), they are testing it. They may find it adequate to the task or, alternatively, they may find that it not adequate and pass it back to Theorists for further work.⁵

By separating these two meanings of verification, we can more clearly introduce a focus on the particulars of "history" in each country as one of the research groups. After all, it is our history that we are seeking to understand, and indeed, change for the better. Theorists develop the analytical framework and pass this on to Historians as a tool or heuristic for understanding what is under investigation across an ever-expanding range of times and places in particular situations and particular countries.

⁵ On one discussion of the relationship between theory and history see Lonergan 1985. Also note how Michael Ball uses his analytic framework "structures of housing provision", as a way of understanding what is actually happening within a particular housing situation. See Ball 1986, Ball, Harloe & Martens 1988 and Ball & Harloe 1992

(iii) An additional research group, evaluators

A second area for some clarification is the relationship between the three research groups and the seven contexts of “transferability”. Michael Oxley has shifted from speaking of research groups each with own purpose and method to speaking of contexts. Yet, it seems to me that each research group is operating within a context which consists of a particular purpose and method. If we examine the seven contexts of “transferability”, then each has a particular purpose. This purpose would be achieved through some method or other yet to be determined.

If we consider the purposes of the first four contexts of transferability, it seems to me, that they each contribute to an overall or primary purpose which is to evaluate a particular housing policy.⁶ Indeed, if we consider the history of social research or sociology more broadly, one of its defining characteristics has been an evaluation or critique of current economic, social and cultural practices. These range from narrow critiques of current practices in relation to the achievement of specified goals or objectives (such as that proposed in the first four contexts of transferability) to broad ranging critiques based upon class, race, sex, gender etc. While the first form of critique relates to particular policies and practices, the second form of critique raises broader questions about ideology, bias and prejudice within researchers and policy-makers. They are related insofar as a particular policy incorporates to some extent a particular ideology and any evaluation of a particular policy will be incomplete without an attempt to understand how these ideological presuppositions prevent questions from being asked and prevent some policies and practices being implemented.

This is an additional research group which I propose to call “evaluators”. While Historians seeks to understand what happened or is happening in particular times and places and how what is being investigated changed over time, Evaluators seek to come to some view about this history whether it has made things better or worse. Such a critique or evaluation seeks to clarify and expose the roots of differences and conflicts over policies and practices and, on this basis, Evaluators seek a viewpoint which integrates the best of these conflicting positions.⁷

It is the work of evaluators to compare policies and practices in different countries. The issue is not simply whether there are similarities and differences for some similarities and differences stem from the history of particular problems which arose, the solutions discovered and the decisions to implement particular solutions in each country. The real issue is whether what has been going forward has made things better or worse. An evaluation will reveal those similarities and differences that stem from the sectional interests of particular groups and, their refusal to ask further questions or their refusal to allow the implementation of policies and practices that would make things better.⁸

(iii) Implementation groups

This now leaves the last three contexts of transferability. Michael Oxley highlights the difficulty of transferring housing policies and practices from one country to another and the need to make this process more explicit. I would emphasise a further element. These three contexts of transferability are heading towards the implementation of “something new”. This something new builds upon but goes beyond the work of the research groups. It is important to note that it is something new – it is not simply a transfer of something from one country to another. While it might appear the same, it is different because its meaning is different within a different context, a different economic, social and political environment, a different culture.

In context (v), Michael Oxley refers to “examining the purpose of social housing rents in B”. In the context of implementation of something new, what is called for here, is formulating new directions which will better achieve some purpose. We might characterise this as a role for “policy-makers”.

In context (vi) he proposes “investigating the feasibility of introducing” a new policy in the context of “social, political, economic and institutional factors”. This new direction is being introduced into an

⁶ See the brief discussion above on primary purpose and secondary purposes.

⁷ Indeed, the views of evaluators will also be subject to same ongoing process of critique and evaluation.

⁸ This discussion is further developed in the illustration below under “evaluators”.

already existing situation and this must be taken into account. We might characterise this as a role for “strategic planners”.

Rather than context (vii) as predicting “the consequences of introducing...” a new policy, I would suggest that what is called for is an application of a new policy within very particular contexts, i.e. working out how particular institution(s) can make the required changes (and doing so in way that they complement each other), how the roles and practices of the various participants (housing workers, tenants, governments etc.) need to change (partly in relation to one another) and what skills need to be developed among these participants to implement these changes.⁹ This is a role for “practitioners”.

These contexts of implementation are seeking to come to terms with the implications of something new. This newness presents a difficulty. While research groups can appeal to current and past evidence (of different sorts) for their conclusions, implementation groups cannot appeal to this type of evidence (because it hasn’t happened yet). So they have to develop methods which appeal to a different sort of evidence in a different way. Implicit in, but prior to the seven contexts of transferability, implementation groups decide that it is worthwhile making a change in current practices. This decision is the pivot point between the research groups and the implementation groups. It is what moves us from researching current practices (knowing history) to implementing something new (creating history). Now decisions can be made on financial grounds or on social grounds or on political grounds or on broader visions of human living. Such decisions whether made by a particular person or particular group have their presuppositions. These presuppositions can be cultural or personal. These presuppositions reveal the range of questions, interests and concerns of the person or group – what can be called their horizon. What is needed, then, is an implementation group that can articulate the presuppositions of this horizon and can reveal the possibilities, the movements and the transformations in horizons. Such work is critical to both research and implementation. It requires exploration. But rather than exploring outwardly, it requires a movement inward, an implementation group of “explorers-within”.¹⁰

* * * *

So, in summary, by refining Michael Oxley’s research groups and integrating his contexts of transferability, we can arrive at eight research and implementation groups each with a specific purpose and associated methodology: four research groups - empiricists¹¹, theorists, historians,

⁹ In stage seven of transferability, Oxley refers to its role in relation to prediction. I would suggest the following relationship between what I have outlined here as the third stage in implementation and prediction as follows. My third stage concerns with putting in place the key elements of the new directions, i.e. the conditions required for its actual operation. The whole process of implementation operates within a democratic framework. On the part of all players, it requires their understanding, their co-operation, and their involvement. Prediction is about how often the conditions for its operation are actually met. The fulfillment of these conditions, in turn, will depend upon other conditions and again, prediction is about how often these subordinate conditions are actually met.

¹⁰ Here we have been talking about decisions in relation to the implementation of policies and practices. But there is also the decision that it is worthwhile undertaking research. All the research and implementation groups operate on the basis of some presuppositions whether empiricists gathering data, theorists developing analytical frameworks, historians seeking to understand particular situations, evaluators seeking to resolve conflicts, policy makers developing new directions, strategic planners integrating these new directions within the broader economic, social, political and cultural environment and practitioners implementing changes within organizations and changes within roles of people as well as developing the skills required for these changes.

In his article, Michael Oxley quotes Allen and Gurney in support of the position held many housing scholars that “...contrary to the beliefs held in some quarters, there is no such thing as ‘housing theory’” (92). I would suggest a distinction here. On the one hand, there is the work of explorers-within who articulate the presuppositions of research and implementation. This work is common across all fields of social science and raises fundamental questions about what activities constitute knowing (cognitive theory), how do know that we know (epistemology) and what is it that we can know (metaphysics). On the other hand, there is the work of theorists who develop specific analytical frameworks which provide heuristic control of an inquiry into a particular subject and its implementation. These frameworks will vary according to what is being investigated.

¹¹ I have retained the term ‘empiricist’ despite some reservations because of its negative connotations and association with a particular philosophical tradition. In this context, the term refers to role of a group who are focused on the empirical, what is observable and what is commonly understood about the meaning of activities.

evaluators; and four implementation groups – explorers-within, policy-makers, strategic planners and practitioners.¹²

The work of each group develops in relation to other groups: Empiricists gathers data and pass on their results to Theorists; Theorists take this data, develop their best attempt at an analytical framework which accounts for this data and pass on this framework to Historians; Historians take this analytical framework, use it as a tool or heuristic to understand particular situations and pass on their results to Evaluators; Evaluators take these results, evaluate or criticize the history with a view to working out what improved the situation and what didn't and pass on these results to "Explorers-within"; "Explorers-within" take these evaluations and seek to articulate the best basis on which something new can be implemented and pass this on to Policy-makers; Policy-makers take this new basis for implementation and propose new directions; Strategic planners take these new directions and work out ways in which they can be integrated in the current social, economic, political and cultural environment; Practitioners take these integrations and work out how they can be put into practice within particular institutions and within the roles of particular participants.

But, it is not a one street – if Empiricists are to pass on results that are relevant to Theorists, then they need to be doing their work with the latest analytical framework in mind, seeking data which confirms or raises questions about this analytical framework. The work of Explorers-within raises questions about the horizon of all research and implementation groups. The work of Practitioners leads to a new situation and so to a new round of materials for Empiricists.

2. An illustration of research/implementation groups: rent-setting

I now want to illustrate the work of each the groups by using the example of rent-setting. It is not possible to do the work of each group because it is too great for one person. This is why we need collaborating groups. The illustration particularly picks up the work of one research group – Theorists – and proposes an analytical framework for rent-setting. It then shows how other research and implementation groups use this analytical framework to guide their work.¹³

2.1 Research groups

(1) Empiricists

There is an extensive literature around rent-setting in social housing: some material deals exclusively with the mechanics of particular rent-setting systems; some material relates to determining the price of dwellings within a market economy; some material relates to the politics of rent-setting and the conflicting perspectives of different players within social housing.¹⁴

This literature describes rent-setting systems and the basis on which rents are set. For comparative housing purpose, it is, however, not informed by an analytical framework of rent setting. So Empiricists are largely operating in a vacuum. But, to anticipate the analytical framework proposed below, the work of Empiricists could take the form as summarised in the tables in the Appendix. Table 1 and Table 2 present the key characteristics of rental systems and of financial systems, respectively, in various countries and, Table 3 presents the role of social housing within a standard of living in various countries.

¹² These different research and implementation groups seem to bring together different types of work currently being undertaken in housing studies. The following indicates some possible examples though, to varying extents, some shift between purposes and, some work without an explicit analytical framework: examples of Empiricists are those who gather data using various quantitative and qualitative methods; an example of a Theorist is Michael Ball's "structures of housing provision" (Ball 1986, Ball & Harloe 1992 and Ball 1998); examples of Historians are Harloe (1995), the application of the 'structures of housing provision' (Ball, Harloe & Martens 1988), Lawson (2006-Part II); Examples of an Explorers-within are Kemeny (1992), Lawson (2006-Part I) and Somerville (1994); examples of Policy-makers are new directions proposed by academics, tenants, social housing organizations, governments, activists etc.; an example of a Strategic Planner is local housing strategies and may be the use of Bent Flyvbjerg's work on phronesis within housing (see Marston 2008); an example of "Practitioners" is social housing organizations actually implementing new policy directions and may be the use of 'action research' within housing.

¹³ The illustration is important, I believe, because we need to think through the role of each of these research and implementation groups empirically, increasing becoming conscious of what each is doing and how that relates to the other.

¹⁴ For an outline of this material see McNelis and Burke (2003) and McNelis (2006)

While these tables present various countries together they are not presented for the purposes of comparison. Comparison is not the task of Empiricists.

The work of Empiricists is informed by the most generally accepted, or even the latest, analytical framework. Their role is twofold: to gather data on rent-setting within the categories of this analytical framework and to keep an eye out for relevant data which does not fit within this analytical framework (and thus, requires further work from Theorists).

(2) Theorists

Introduction

Rent-setting serves a number of purposes. We advert to these purposes when we begin to talk about increasing rents when we want to maintain the financial viability of an organisation; or, when we want to reduce rent to provide a tenant with affordable housing; or, when we start comparing the rent on one dwelling to another and sense there may be some injustice when the tenant of an old poorly located dwelling with poor amenity is paying the same rent that a tenant in a new well located dwelling with good amenity; or, when we want to increase the rent on some dwellings and reduce them on others as way of encouraging tenants to make different decisions; or, when we want to improve the quality of public housing or provide housing which better meets environmental standards or provide housing in areas with better amenity and we find that rents have to increase to sustain these goals; or, when we start comparing the housing costs of tenants to owner-occupiers or private renters; or, when we recognise that a disproportionate amount of income is being spent on housing costs; or, when rent is being used by housing managers to exclude or expel some tenants; or, when paying rent is stigmatised etc.

In his article Michael Oxley notes (to repeat part of a previous quote) that “International housing research should not be driven by a single methodological approach. Methods and purpose should go together. A variety of aims demand a variety of approaches. Methodology has to be fit for the purpose and it should be explicit.” (103) Thus, the work of each research group is governed by a particular purpose and that purpose is achieved by a particular method. It is through the method (and a method is a set of activities) that the purpose is achieved. That is why different purposes demand different methods.

Just as there is a relationship between purpose and method in research, so too, there is a parallel relationship between the purpose in rent-setting and the method whereby this purpose is achieved. The purpose of rent-setting is achieved by some method, some series of activities and processes that achieve this purpose. This purpose is regularly achieved. It recurs because a particular series of activities recur and in this sense it is systematic.¹⁵

In seeking to identify the purpose of rent-setting and the recurring scheme of activities that constitute it, Theorists are seeking to identify what is significant, indeed, essential to bringing about rent-setting. Theorists are not simply seeking what is common to rent-setting in different countries/sectors - some lowest common denominator - but rather what is significant and relevant to achieving the purpose of rent-setting in any country/sector. What Theorists are seeking is an insight into or intelligibility within those activities or sets of activities that together constitute or bring about rent-setting. It is an insight which excludes what is irrelevant and unimportant and as such it excludes what might be often associated with rent-setting but does not constitute it.

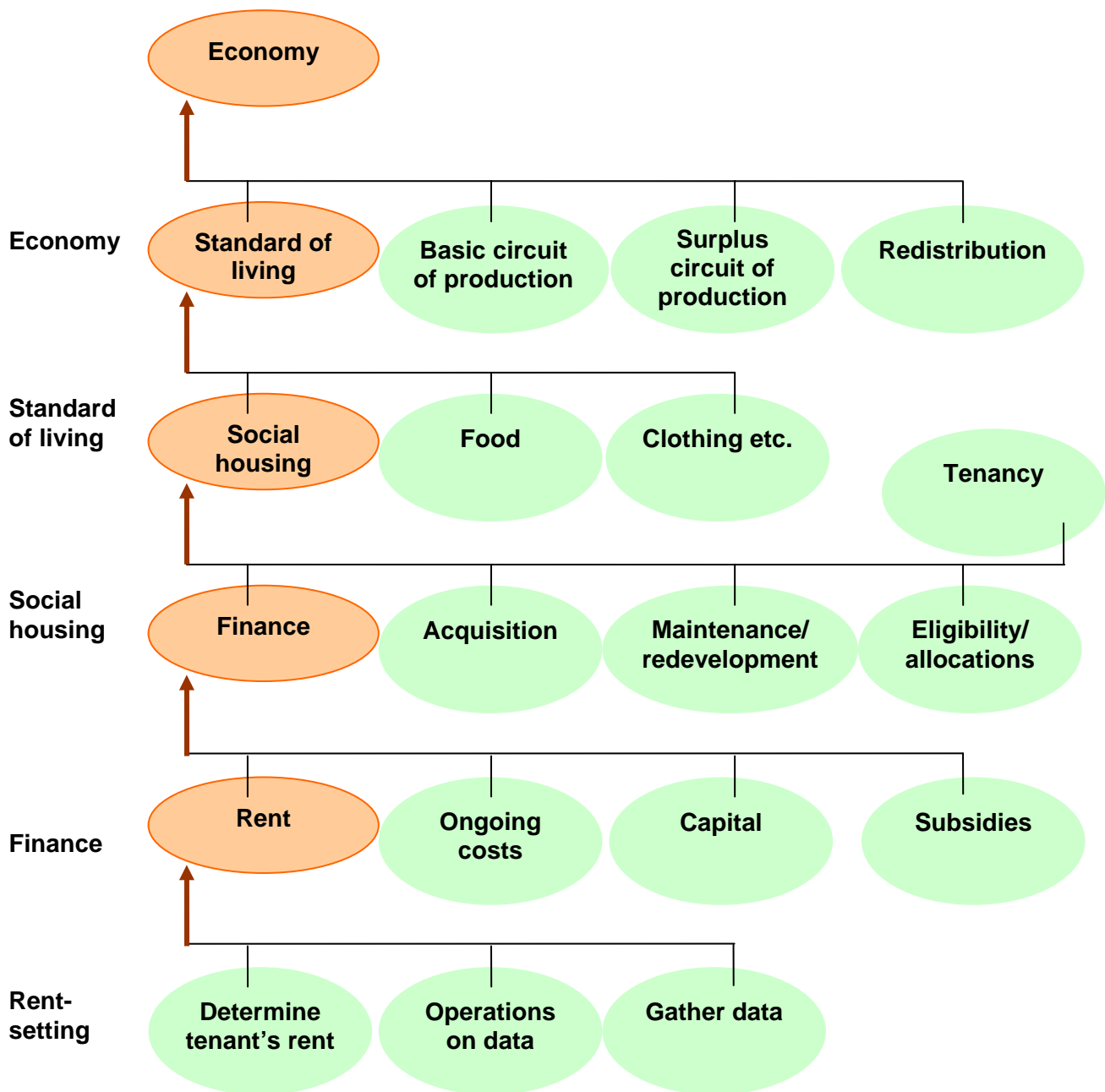
In the first place, then, Theorists are seeking to identify the primary purpose of rent-setting and the series of activities or processes (the scheme of recurrence) that achieve this purpose. But as we noted, rent-setting has a number of secondary purposes as well, i.e. it plays some role in the achievement of other purposes. In developing an analytical framework, Theorists seek to differentiate these purposes: from the primary purpose and from one another. Each of these other purposes comes about or is constituted by some method, a set of activities or processes (a scheme of recurrence). Within these other purposes, rent-setting plays some role. It is one of the set of activities or processes that constitute this purpose.

¹⁵ What is being proposed here is not some ideal situation, some utopia but rather what actually occurs to bring about rent-setting. For short hand purposes, I will refer to this set of activities that bring about or constitute a particular purpose as a scheme of recurrence. (See Lonergan 1957, Chapter IV, McShane 1970 and Melchin 1987)

A further task for Theorists is to relate these purposes and their schemes of recurrence. Thus, when Theorists develop an analytical framework, they are developing an ordered set of relations which separate out these various purposes and their associated sets of activities that constitute or bring them about. This suggests a particular type of hierarchy of schemes (and their purposes).¹⁶

Given the variety of purposes for rent-setting, the following outlines my attempt to develop an analytical framework for social housing rent-setting within five contexts (which relate purpose and schemes of recurrence): rent-setting, finance, social housing, standard of living and economy. These schemes are outlined schematically in Diagram 1 below.

Diagram 1: An analytical framework for rent-setting in social housing



¹⁶ It is not a hierarchy of dominance but of mutual interaction. It is a hierarchy in which the operation of the higher schemes depends upon the operation of the lower schemes, yet the higher schemes determine (select from among a range of possibilities) the form of the lower schemes such that these lower schemes can contribute to the purpose of the higher schemes (See Shute 1994)

A first context: the primary purpose of setting rents

The initial question, then, is: what is the primary purpose of rent-setting? The primary purpose is simply to determine a rent in each tenancy. The further question is what sets of activities or processes constitute rent-setting within this primary purpose. I suggest that rent-setting is constituted by a scheme of recurrence with three distinct stages (each with a specific purpose). (See the bottom row of Diagram 1.)

The first stage is gathering specified sets of data. These sets of data may be internal and/or external to social housing such as data on prices at which dwellings with determined characteristics are sold and/or rented, data on the costs of acquiring and managing dwellings, data on types of incomes and their purposes, data on tenant characteristics such as income and household type.

In the second stage, specific operations are carried out upon these specified sets of data such as collating, averaging, weighing, comparing etc. according to specific characteristics. The result of these operations is a set of criteria for determining rent for each tenant.

The third and final stage is the application of the results of the second stage to a specific tenancy with the purpose of determining the rent for a specific tenant.

These processes are serially related and dependent upon one another with each achieving something that is essential to the whole scheme. Together these processes achieve a particular goal or purpose, viz. to determine a tenant's rent.

But what is also important to note is that within each of the stages, there is a range of possibilities: a range of possible sets of data; a range of possible combinations of operations, a range of possible characteristics for determining the rent of each tenant. The range of possibilities within each stage points to the flexibility in determining a specific rental system according to the context or contexts in which it operates.

A second context: a secondary purpose within the social housing finance system

The rental system determines an individual rent but it can do so in a range of possible ways with a range of results. So on what basis are the possibilities arranged in a particular way such that a particular result (in addition to the determination of a tenant's rent) is achieved?

To ask this question is to shift to a different context or to a higher viewpoint. From this viewpoint, the rental system achieves not just a particular purpose – the determination of a tenant's rent but contributes to another higher purpose. The question is about the role or function of the rental system within a larger context. We can begin by considering the immediate context of the social housing finance system.

In this context, what is important is the aggregate of the rent that results from the particular operative rental system. In this new context, a tenant's rent is determined in such a way that aggregate rent is sufficient to cover the ongoing costs of social housing. The purpose of aggregate rent, as distinct from the purpose of the rental system, is to meet the ongoing costs of social housing.

But two further aspects of the overall social housing finance system complicate this relationship: the way in which social housing finances its acquisition of properties (capital finance) and the way in which subsidies are delivered into social housing. It is these four elements – rent, ongoing costs, capital and subsidies – which form the social housing finance scheme of recurrence or system. (See McNelis 2006) (See the second bottom row of Diagram 1.)

The purpose of the social housing finance system (and the recurrent processes that constitute it) is to maintain the financial viability of social housing. Without financial viability, social housing will be unable to continue. It will go out of business. All the elements of the social housing finance system must be arranged in such a way that they achieve this purpose. But again, just as the rental system is open to a range of possibilities within each of the stages, so too the financial system is open to a range of possibilities: the level and type of ongoing costs can vary; the types of capital finance arrangements and the conditions under which they are provided (and their subsequent impact on ongoing costs) can vary; the level and type of subsidies provided to social housing can

vary. These ranges of possibilities also point to the flexibility in determining a specific financial system according to the environment in which it operates.

A third context: a secondary purpose within social housing

But this finance scheme operates within a larger context where it is but one among a number of schemes that constitute social housing. As schematically outlined in Diagram 1 (the third bottom row) possible schemes that might constitute social housing are: finance, acquisition, maintenance/redevelopment, eligibility/allocations and tenancy.¹⁷ It is these schemes together that constitute social housing. If we are to achieve social housing then each of these constitutive elements must not only function properly but must also function properly in relation to one another.

While the specific purpose of the social housing finance system is to ensure the financial viability of social housing, each of the other schemes also has a specific purpose and the rental system may or may not play some sort of role in each of these schemes achieving their specific purpose. Just as the financial system determines that the rental system must provide an aggregate rent which ensures financial viability, each of the other systems may make particular demands on the rental system. For example, the eligibility/allocations system may determine the income of tenants and thus their capacity to pay rent. Housing acquisition, tenancy and maintenance/redevelopment systems may determine costs which must be covered by rent payments.

Moreover, the totality of these schemes that together constitute social housing is a new context or higher viewpoint and the rental system may play some role in constitution of this totality of schemes (over and above its role within the schemes that constitute social housing).

A fourth context: a secondary purpose within a standard of living

Social housing is one means of providing housing. It has its origins as a response to the failure of the private rental market to meet some housing needs and, as such, it has a concern for adequate and appropriate housing. Now implicit within this role of providing adequate and appropriate housing is housing affordability. The issue is not simply housing affordability for some sort of housing, albeit temporary, improvised housing or a flophouse (doss house) which is affordable. On the other hand, adequate and appropriate housing may be available but it is not affordable. The nub of the issue is adequate and appropriate housing that is affordable.

Social housing is one form of housing among others that ensure that households are housed as one element that constitutes a standard of living. The role or purpose of social housing is determined within this context and there are a range of possible roles which social housing can play. Its role can be providing adequate and appropriate housing or, providing affordable housing or, providing housing to a range of income groups or only to those with high needs or, providing particular types of housing etc.¹⁸

Within this context, the rental system may have a number of possible roles. It may be a mechanism for achieving affordability. By relating housing costs to income it may determine the relationship between housing and a range of other elements that constitute a standard of living.

A fifth context: a secondary purpose within an economy

Social housing and its constituent systems operate within the broader context of schemes external to social housing. For example, the acquisition of social housing operates with the larger schemes of the building construction industry and the real estate industry; asset management operates within the larger schemes of building and repair; eligibility and allocation operates within the larger schemes of the distribution of housing; finance operates within the larger schemes of capital finance, operating finance and subsidies. Thus the schemes that constitute social housing are not isolated entities but rather cycle internally and externally (See Melchin 2003).

¹⁷ This is loosely based on Michael Ball's structures of housing provision. (Ball 1986, Ball & Harloe 1992 and Ball 1998)

¹⁸ In speaking about the role of social housing, I am only indicating the possible roles it can play. What role it actually plays is an issue which Historians consider. Whether this actual role has been successful is an issue which Evaluators consider. Whether this role should change to something else is an issue which Policy-makers may consider.

Some comments on the analytical framework

There are five things to note about this analytical framework.

First, this is an ongoing attempt at developing an adequate analytical framework for rent-setting. It is still incomplete. The proposed contexts with their purposes and associated schemes of recurrence may need to be revised and/or further developed as the purposes of rent-setting are better differentiated. Other possible contexts that could be considered and developed are: technological (the technology required to implement a rental system); political (how we make decisions about a rental system); cultural (reflections on the common meanings of rental systems); and, personal (reflections on personal meanings of rental systems). But the attempt indicates the possibilities of an analytical framework.

Second, the framework shifts away from descriptions of the various activities of particular people and away from the motivations, interests and perspectives of the players (what may be termed “things in relation to us”) towards an exploration of schemes of recurrence, those activities or processes that constitute or bring about a particular purpose (what may be termed “things in relation to one another”). The focus is not on actors, agents or institutions but upon their activities, how these activities form sets of activities that relate to one another and how these activities together constitute the achievement of particular purposes such as a rental system, a finance system, a social housing system, a standard of living system and an economic system.

Third, the analytical framework of rent-setting, in schematic form in Diagram 1, differentiates the purposes of rent-setting and the schemes of recurrences that constitute these purposes and, as such, shows how these purposes are related to one another. The analytical framework is an ordered set of relations and possibilities with higher schemes dependent upon the lower, but the higher making demands on the lower so that the higher purposes are also achieved. This is possible because there are a range of possibilities for rental systems, a range of possibilities for finance systems, a range of possibilities for social housing etc. As a result, the lower level rental system systematises those elements that constitute rent-setting and explains how the rent of a specific tenant is determined. However, the rental system does not explain the level of the rent, why the rent changes, what form of rent the tenant is subject to and whether the rent is equitable or affordable. In relation to the rental system, these elements are non-systematically related. If we are to explain these elements, we have to turn to other schemes within which the rental system is one among a number of elements. These other schemes can utilise the rental system to achieve their purposes because the elements of the rental system are not set. Rather, there are a range of possibilities. As a result the rental system has a flexibility that allows it to achieve other purposes. If we are to understand the co-incidental particularities of the rental system, then we need a higher viewpoint, a new context which systematises further aspects of the data. The demands of these higher viewpoints determine specific elements of the rental system. So, the finance system determines that the aggregation of individual rent payments will ensure the financial viability of social housing and that rents are regularly reviewed as the aggregate level within other elements adjusts (due to external changes); the role of social housing within a standard of living will determine the type of rent and the extent of this type, i.e. whether a tenant is subject to a property rent, a household rent or combination thereof; the economic system will determine the cost at which adequate and appropriate housing will be provided and thus the overall level of rents.

Fourth, the analytical framework is abstract but it is not ideal. It is abstract in the sense that it identifies and articulates those sets of activities that constitute or bring about rent-setting and, in relation to other purposes those sets of activities that constitute or bring about their purpose and the role that the rental system plays in achieving that purpose. It is abstract in the sense that what is grasped is what is important and significant for the achievement of those purposes, leaving aside what is not important or irrelevant.

Fifth, the rental system is part of a complex ecology of schemes that operate both within and outside social housing. Rather than a general reference to factors impacting on rents (that at different times, may or may not be operating), the task is to pinpoint connections and relationships within these schemes. For example, if rent-setting plays a role in maintaining downward pressure on private sector rents, through what schemes does it do so?

(3) *Historians*

My substantial contribution to the work of the research groups investigating rent-setting has been to propose an analytical framework. The following sub-sections seek to indicate the role this analytical framework plays in each of the research and implementation groups. In so doing it illustrates the work of each of these groups.

As we have noted, the proposed analytical framework is abstract. It provides a set of relations and admits of a range of possibilities within the elements that constitute each of the schemes.

Historians are interested in what actually happened or is happening. Their interest is not in possibilities but in actualities. What the analytical framework provides to historians is a tool or heuristic for understanding these actualities. Such a tool is essential to Historians because it provides them with control over their material. What is relevant is the elements outlined in analytical framework. For example, in relation to the rental system itself, they are interested in the specified sets of data; the specific operations carried out upon these specified sets of data and to how the results of these operations are applied to a specific tenancy in a particular situation whether a country or particular social housing sector within a country.

In the section on Empiricists above, I presented a series of tables on rental systems, finance systems and the role of social housing. But Historians are not simply interested in what is currently happening. Rather they are more interested in how the rental system came to be what it is now.

The rental system in each country is a system on the move. Policy-makers, strategic planners and practitioners adapt this system as new problems arise to which new solutions must be found. Such problems and solutions are concrete to the specific situation in each country. So Historians are focused on why particular events occurred, why particular changes in rents and the rental system occurred: changes in rents that might result from changes in the elements of the analytical framework for rental systems; changes in these elements that may be due to attempts to better achieve the purpose of determining rents, or better achieve financial viability, or better achieve the purpose of various other systems internal to social housing – acquisition, maintenance/redevelopment, eligibility/allocations and tenancy – or, as external changes require adjustments to elements of the rental system. Historians would be interested in documenting what was overlooked in previous attempts to achieve a better rental system – they may have been overlooked because some interest groups rejected their importance or resisted their implementation. Some changes may be improvements, some may be reversals. In the process of finding solutions, conflicts between the different players emerge and Historians would reveal the ebb and flow of such conflicts.

So Historians are not simply interested in a particular arrangement of the rental system now or at some point in time. Rather they seek to understand what is going forward in relation to rent-setting, to understand the trajectory of development in each country. The analytical framework provides them with a tool to control their investigation.

(4) *Evaluators*

Historians use the analytical framework to as a way of understanding what is going forward in a particular country in relation to rent-setting. Historians reveal the decisions of past policy-makers, strategic planners and practitioners as they implement particular solutions to particular problems. Moreover, the history will reveal the differences and conflicts over what or what isn't a problem in rent-setting and over the form of any solution. It is this history that is passed on to Evaluators.

Now Evaluators begin with the anticipation that this history of decisions is based upon presuppositions as to what each person or group believes is worthwhile. The analytical framework outlines a series of schemes each of which achieves a particular purpose. In making decisions about rent-setting, past policy-makers, strategic planners and practitioners may give exclusive priority to one purpose over another or they may give priority to a lower purpose without taking into account the whole range of purposes. How well they have 'lined-up' this decision with the analytical framework will reveal the extent to which this decision stems from various biases and prejudices.

For example, in Australia, there is an ongoing conflict in rent-setting between tenants seeking housing affordability and social housing providers seeking financial viability. The analytical

framework recognises that rent-setting has a role in achieving both purposes. The conflict ensues because both groups give exclusive priority to one particular purpose. It could also be argued, from the analytical framework, that affordability is a higher purpose and should be given priority. But this fails to recognise the particular type of hierarchical relationship between the two: that the achievement of housing affordability depends upon the achievement of financial viability.

But there a further issue here, one that raises the possibility of global collaboration in finding solutions to housing problems. The driving force behind the changes in rental policy in Australia over the past 50 years has been the financial viability of social housing organisations as state and federal governments have resisted as far as possible any further financial commitments to social housing. As a result rents have steadily increased: first, between the mid-1950s and the early 1980s, a series of property rental systems have been introduced which has impacted negatively on those tenants with relatively higher incomes; second, since the early 1980s but more so recently, changes in the household rental system have increased rents for those households on relatively low incomes – from under 20% income to now consideration of 30% income. The questions for Evaluators are (i) whether there has been an undue focus on the financial viability purpose of rent-setting, and (ii) whether this has been beneficial or detrimental to all the purposes of rent-setting. As the data from various countries is assembled, it may be possible to find solutions in rental systems that have been beneficial rather than detrimental.

Using the analytical framework as a tool, the task of Evaluators is evaluate the presuppositions of past decisions and to asses whether these past decisions have “lined-up” or taken into account the whole range of schemes in which rent-setting plays a role within a particular country/sector. In doing this, Evaluators will reveal the presuppositions, the biases and prejudices of past policy-makers, strategic planners and practitioners. They will also reveal those presuppositions that improved the rental system. Evaluation, therefore, is not based upon criteria from the outside such as the criteria of the participants. Evaluation is internal to the analytical framework of rent-setting.¹⁹

2.2 Implementation groups

(1) Explorers within

Previously in the discussion about Explorers-within, I referred to the presuppositions within which a particular decision is made to research some current practice and/or to implement something new.

In the context of rent-setting, these pre-suppositions might be explored under three related headings. First, just as the analytical framework provided a basis for evaluating past decisions about rent-setting, any decision to implement some change will pre-suppose some new view, some new stance on one or some mixture or all the purposes that rent-setting contributes to. The decision can be made within the horizon of rent-setting itself, within the horizon of social housing finance and financial viability, within the horizon of social housing and its role within society, within the horizon of a standard of living and its relation to other goods and services, within the horizon of an economy etc. Further, any decision within a larger horizon can be made to the exclusion or to the inclusion of the lower horizons. The more comprehensive the horizon of the decision to research rental practices or to implement new rental practices, the more likely policy-makers will develop directions which incorporate the more comprehensive horizon.

Second, each research group or implementation group pre-supposes some view or some stance in relation to its work. These group pre-suppositions relate firstly to their purpose and secondly to their role within the larger collaboration with other groups. The specific focus of Explorers-within are these pre-suppositions as they emerge in research and implementation on rent-setting.

¹⁹ Evaluation based upon an analytic framework raised another possibility. On page 92 of the article, Michael Oxley discusses multi-disciplinary approaches to housing studies. He notes “There is very little to be gained by trying to merge disciplines to create some sort of common housing discipline.” The analytic framework proposed here deals predominantly with economic issues but even within this predominantly economic framework, various disciplinary interests are distinguished and related: financier, non-market economist and sociologist with an interest in economics. But as the analytical framework is expanded to include politics and culture, other disciples can also be related.

Thirdly, more broadly, each person operates on the basis of their own presuppositions about cognition/action, epistemology and metaphysics. Again, the specific focus of Explorers-within are these pre-suppositions as they emerge in research and implementation on rent-setting.

The role of Explorers-within is to articulate a stance in relation to all three levels of presuppositions.

(2) Policy-makers

In the context of a decision to implement some new rent-setting practices (and its presuppositions), Policy-makers envision new rent-setting practices which better meet the various purposes of rent-setting as outlined in the analytical framework. They consider a range of possible options. As something new, they have to present a case as to why one or more of these new practices will produce something better. These new rent-setting practices may emerge in relation to any one of the purposes but their effect is to envisage new possibilities in each of the elements of the rental system: datasets, operations, applications.

(3) Strategic planners

While policy-makers propose some new improvement in the rental system, Strategic planners ask how this improvement fits within the broader structures of social housing finance, social housing, the standard of living, the economy etc.. On the one hand, the question is: how does a change in the constituent elements of rent-setting relate to the purposes of the financial system, social housing, standard of living, economy etc.. On the other hand, if the new direction emerges at a higher level, the question is: what changes at the lower levels will actually implement this new direction.

While policy as it relates to an abstract theory provides guidance in relation to development or direction of particular schemes, changes cannot be implemented without integration with other schemes. Any new rental system has to be compatible with and integrated with possible changes in other constituent schemes.

(4) Practitioners

Finally, Practitioners have the task of actually implementing this new policy and strategy within a very particular context. They work out what particular changes housing organisations, tenants and others have to make to implement the new rent-setting policy. Practitioners work out ways in which to communicate the new policy to these players so they understand it, understand what changes they need to make and, commit to and co-operate in its implementation. Practitioners work out what particular changes need to be to rent manuals and what training (sometimes minor, sometimes major) staff and other players will need.

Concluding remarks

This paper follows-up an important paper published by Michael Oxley in 2001 on comparative housing research. In that paper Michael Oxley examined its aims and methodology and concluded that this research had a number of purposes each with an associated method. He proposed that comparative housing research be undertaken on a collaborative basis by three research groups – empiricists, theorists and scientists – each distinguished by a particular purpose and associated method. He then went on to consider the difficulty of transferring policy and practice from one country to another. He proposed that these transfers should be examined in seven contexts.

This paper has built upon Michael Oxley's paper, in some instances refining his structure, in others indicating how research can be better linked with transferring policy and practice. These revisions have resulted in an eightfold division of labour with four research groups – empiricists, theorists, historians and evaluators – and four implementation groups – explorers-within, policy-makers, strategic planners and practitioners. Each of these groups has a particular purpose and associated method or methods for achieving that purpose. Together they achieve the purpose of comparative housing research.

The paper then illustrated this division of labour by considering social housing rent-setting across a limited range of countries. It outlined an analytical framework which provides control over the

research/implementation process. The analytical framework operated as a heuristic whereby each of the research/implementation groups can focus specifically on the issue at hand.

This paper outlined a range of purposes for social housing rent-setting. It proposed that an analytical framework would distinguish between these purposes. It then noted how Michael Oxley based his four research groups upon the different purposes of each group and with each purpose achieved through a method. A method is a series of activities that achieve some purpose. The content may vary but the method and purpose in relation to that content do not vary. In a parallel way then, an analytical framework would outline a series of purposes each with a method or series of activities that would constitute or bring about the achievement of that purpose. This series of activities was referred to as a scheme of recurrence. Moreover, the analytical framework showed how these purposes of rent-setting related to one another. It was an ordered set of relations and possibilities with higher schemes dependent upon the lower, but the higher making demands on the lower so that the higher purposes are also achieved. The paper illustrates how this analytical framework can guide further research and the implementation of something new.

Michael Oxley highlighted the difficulty of comparative housing research and of transferring housing policies and practices and, thus, the need for a collaborative approach. If we are to bring about ongoing and continuous improvement in social housing (indeed in any area of human activity) we need to ask and answer a series of questions. Four sets of questions relate to our understanding of history (and the current situation): is our understanding based upon evidence? what is it that we are investigating? how has it developed or move forward over time? what differing and conflicting presuppositions or horizons have directed this forward movement and which horizon is the most beneficial? Four sets of questions relate to making history (implementing something new): what presuppositions or horizon informs our decision to implement something new? what change can we envisage and why will it make things better? How does that change fit within the complexity of what already exists? How can we incorporate that change into a very specific context?

Unless we ask and answer these questions, improvement will be blocked. Thus, we need to take each of these questions seriously. To do so, we need a collaborative approach. Michael Oxley's article suggests a way forward. This article has expanded on this and proposed an ongoing dynamic process of collaboration between eight research and implementation groups. Together they form a framework for collaborative creativity that addresses each of these questions seriously.²⁰

²⁰ It has been difficult to provide particular references in this paper because the research and implementation groups have their grounds in understanding what we are doing when we are doing research and implementing something new and being able to differentiate the different purposes within each group. The more general references are McShane 2002 particularly Chapter 3 and McShane 2004. He picks up and extends the work of Bernard Lonergan, a Canadian philosopher, theologian and economist (Lonergan 1972).

Appendix

Table 1: Key characteristics of selected rental systems within selected countries¹

Country/sector	Type of rental system ¹¹	Datasets gathered	Operations (General) ¹²	Application to particular tenancy
Australia: Public housing ²	Market derived property rental system ¹³	Rents on private-sector dwellings by key characteristics – location, dwelling type ¹⁴ , dwelling size ¹⁵ , quality etc.	Dwelling rents sorted by key characteristics Dwelling rents averaged by key characteristics	Rent administratively determined by reference to private dwellings with similar characteristics in local area ¹⁶
	Income-related household rental system ¹³	Types of income received by households (according to source and/or purpose)	*inclusion/exclusion of income by source/purpose *determination of general rent to income ratio (ranges from 25% to 30% income) *specific determinations of ratio of income for different income types	Rent assessment formula (as outlined in rent manual) applied to particular income types received by household
New Zealand Public housing ³	Market derived property rental system ¹³	Rents on private-sector dwellings by key characteristics – location, dwelling type ¹⁴ , dwelling size ¹⁵ , quality etc.	Dwelling rents sorted by key characteristics Dwelling rents averaged by key characteristics	Rent administratively determined by reference to private dwellings with similar characteristics in local area
	Income-related household rental system ¹³	Types of income received by households (according to source and/or purpose)	*inclusion/exclusion of income by source/purpose *determination of general rent to income ratio (25% income) *specific determinations of ratio of income for different income types	Rent assessment formula (as outlined in rent manual) applied to particular income types received by household
United States of America: Public housing ⁴	Income-related household rental system	Types of income received by households (according to source and/or purpose)	*inclusion/exclusion of income by source/purpose *determination of general rent to income ratio (30% adjusted monthly income) *specific determinations of ratio of income for different income types	Rent assessment formula (as outlined in rent manual) applied to income of household

Country/sector	Type of rental system ¹¹	Datasets gathered	Operations (General) ¹²	Application to particular tenancy
Canada Public housing ⁵	A market-derived property rental system (discounted or 'low end of market') ¹³	Rents on private-sector dwellings by key characteristics – location, dwelling type ¹⁴ , dwelling size ¹⁵ , quality etc.	Dwelling rents aggregated by key characteristics Discount applied or low-end determined according to key characteristics	A discounted market rent or 'low-end of market' rent is administratively determined with reference to private dwellings with similar characteristics in local area
	Income-related household rental system ¹³	Types of income received by households (according to source and/or purpose)	*determination of general rent to income ratio (rent geared to income (RGI) ratio is 30% of adjusted gross income) *inclusion/exclusion of income by source/purpose *specific determinations of ratio of income for different income types	Rent assessment formula (as outlined in rent manual) applied to income of household
United Kingdom ⁶	Historic cost-rent property rental system (National pool)	Property values by region and size of dwelling Earnings by region	Property rents are related to earnings in each region, property values and size of dwellings	
Denmark ⁷	Historic cost-rent property rental system	Total ongoing costs of dwellings within a rent pool		
The Netherlands ⁸	Historic cost-rent property rental system	Dwellings by their characteristics (used by the Housing Appraisal System)	Weighting allocated to characteristics Distribution of total costs among characteristics	Determination of specific rent according to housing appraisal of particular dwelling
Sweden ⁹	Current cost-rent property rental system (nationally and locally negotiated)	Total ongoing costs of providing housing in the local area (as negotiated) over time	Proportionate increase from previous year Variations according to property characteristics	Application of proportion increase to rent in previous year
Germany ¹⁰	Historic cost-rent property rental system			

1. This outline is indicative – further research is required to substantiate the rental system(s) operative in each country. In some countries, different sectors of social housing operate a different rental system. For further details see McNelis and Burke 2004

2. Primary source on Australian rental system: Australia. Department of Family and Community Services 2003

3. Primary source on New Zealand rental system: Housing New Zealand 2009

4. Primary source on United States of America rental system: USA. Department of Housing and Urban Development 2003 and USA. US Code Title 42, Chapter 8, Section 1437a

5. Primary sources on Canada rental system: Ditch J, Lewis A and Wilcox S 2001 and Sewell 1994

6. Primary source on United Kingdom rental system: United Kingdom. Department of Environment Transport and the Regions 2000a and 2000b

7. Primary source on Denmark rental system: Boelhouwer P and van der Heijden H 1992

8. Primary source on The Netherlands rental system: Milligan V 2003

9. Primary source on Sweden rental system: Boelhouwer and van der Heijden 1992

10. Primary sources on Germany rental system: Dorn 1997 and Ditch J, Lewis A and Wilcox S 2001

11. The "Type of rental system" column outlines the key group/sub-groups of rental system in the particular form of social housing in the country. Rental systems can be classified into two major groups. (i) In property rental systems, rents are determined with reference to the characteristics of the property. The four sub-groups of property rental systems are: current cost-rental system, historic cost rental system, market rental system and market-derived rental system. (ii) In household rental systems, rents are determined with reference to the characteristics of households. The three sub-groups of household rental systems are: income-related rental system, subsidy-related rental system and flat rental system. For an elaboration on each of these different groups and sub-groups of rental systems see McNelis 2006. In this Table only the broad outlines of the rental system operative within each country are mentioned - there are many variations in the elements that constitute each sub-group.
12. The operations on the datasets outlined below are very general. Many rental systems involve multiple specific operations. For household rental systems these are usually specified in rent assessment manuals.
13. The rent charged is the lower of household rent or property rents – in effect, property rent are maximum rents charged
- 14 For example, whether house (detached, semi-detached, terrace etc.), townhouse, unit, flat, apartment
- 15 Number of bedrooms
- 16 In practice, the process is simplified as (i) rents for similar types of dwellings are the same regardless of quality (ii) rents are annually increased according to general or local average rent increases for private rental dwellings.

Table 2: Key characteristics of selected finance systems within selected countries¹

Country/ sector	Rent ²	Ongoing costs ³	Subsidies ⁴	Capital ⁵	Financial viability
Australia: Public housing	Market derived property rental system Income-related household rental system (25%)	Asset utilisation is funded through grants Cost of capital is low	Subsidy to operating costs Subsidy to the cost of capital	Free equity Debt finance (before mid- 1980s)	Rental revenue, predominantly from household rents, is severely restricted because income support payments are relatively low. Public housing can only achieve financial viability because (i) rental revenue is generally sufficient to cover the costs of administration, maintenance, rates and insurance, and (ii) external funds from the Australian and State governments can be allocated as subsidies towards asset utilisation and the costs of capital. Any remaining external funds are then available as capital in the form of free equity for the acquisition of new stock.
New Zealand: Public housing	Market derived property rental system Income-related household rental system (25%)	Dividend payable to NZ government is allocated to asset utilisation and to capital	Subsidy to rent payments – the difference between property rent and household rent	Free equity (dividend waiver) Debt finance (current)	Social housing is financially viable insofar as: external funds from the NZ Treasury in the form of a subsidy to rent payments meet the difference between market-derived rents and income-related rents; ongoing costs do not exceed market-derived rents; and, whether and to what extent the government seeks a dividend. Ongoing costs involve a number of other interrelated conditions: whether the cost of capital increases (due to borrowings which are subject to variable interest rates, the extent to which new borrowings are undertaken and the extent to which interest rates rise) and whether increases in market-derived rents exceed or keep pace with ongoing costs. At the present time, HNZN not only maintains its financial viability but also has sufficient surplus funds for investment in additional stock.
United States of America: Public housing	Income-related household rental system (30%)	Cost of capital is very low, if any.	Subsidy to operating costs -the difference between rent revenue and a benchmark amount determined by HUD for some operating costs (administration, maintenance, rates and insurance) Subsidy to operating costs (for asset utilisation - major refurbishment)	Free equity	Social housing is financially viable insofar as: the benchmarks for operating costs as determined by the Department of Housing and Urban Development (HUD) are adequate and are sensitive to increases in these costs; public housing can operate within these cost parameters; and, subsidies from HUD for asset utilisation (major refurbishments) are adequate.

Country/ sector	Rent²	Ongoing costs³	Subsidies⁴	Capital⁵	Financial viability
Canada: Public housing	Marked derived property rental system (discounted or 'low end of market') Income-related household rental system (25%)	Cost of capital is manipulated to achieve the discounted or 'low end of market' rental revenue benchmark	Subsidy to rent payments	Free equity Debt finance (current)	Social housing is financially viable insofar as rent revenue from the discounted market, 'low end of market' or market property rental system is sufficient to cover ongoing costs (including the cost of capital and asset utilisation).
United Kingdom	Historic cost- rent property rental system (National pool)			Free equity Debt finance (LHAs – old debt) Debt finance (RSLs – recent debt)	The new rental system has changed the rents charged for each property. Each form of social housing will remain financially viable provided that rents under the new system are sufficient to meet their ongoing costs. Local Housing Authorities face an additional 'ongoing cost' in the form of the claw-back from central government as their rental revenue increases. Registered Social Landlords, on the other hand, generally must account for a decrease in rental revenue as rents are adjusted downwards.
Sweden	Current cost- rent property rental system (nationally and locally negotiated)	1% of rental revenue for negotiating rents between tenants, landlords and government			Social housing maintains its financial viability insofar as its aggregate property rents are sufficient to cover its ongoing costs
Denmark	Historic cost- rent property rental system			Free equity (accumulated reserves) Debt finance	Social housing maintains its financial viability insofar as its aggregate property rents are sufficient to cover its ongoing costs
The Netherlands	Historic cost- rent property rental system			Free equity (accumulated reserves) Debt finance	Social housing maintains its financial viability insofar as its aggregate property rents are sufficient to cover its ongoing costs

Country/ sector	Rent ²	Ongoing costs ³	Subsidies ⁴	Capital ⁵	Financial viability
Germany	Historic cost-rent property rental system		Subsidy to ongoing costs ??		

1. This table is based on McNelis 2006, Chapter 5. Gaps in some columns may indicate a gap in the literature. Thus, this summary is indicative rather than definitive – further research is required to substantiate the finance system(s) operative in each country. In some countries, different sectors of social housing operate a different finance system.
2. The “Rent” column outlines the key group/sub-groups of rental system in the particular form of social housing in the country. See Table 1 note 11 for details of rental systems operative within particular countries.
3. Ongoing costs of providing social housing are fairly standard between different forms of social housing in different countries. The “Ongoing costs” column outlines the unique elements of ongoing costs in the particular form of social housing in the country. Ongoing costs can be classified into six major groups according to their function in social housing finance: administration, maintenance (includes repairs and cyclical or programmed maintenance), rates and taxes, insurance, asset utilisation and cost of capital. Note (i) asset utilisation is an annual provision which reflects the money value of the rate at which a dwelling is ‘used up’ annually. Over the long term, dwellings deteriorate. This includes both the physical deterioration that is not met through maintenance (day-to-day repairs or cyclical or programmed maintenance) and technological obsolescence where the dwelling over time will become below contemporary standards. Asset utilisation incorporates a notion which reflects differing expenses from country to country and sector to sector. In some countries, it may be referred to as depreciation. However, it should be noted that, strictly speaking, depreciation is an accounting term used to ascertain the financial position of a social housing organisation at a point in time. While this bears some relationship to the physical deterioration and technological obsolescence of dwellings, it may not reflect their current physical and technological state but rather the current market value of dwelling. In some countries, funds are borrowed to acquire dwellings and asset utilisation may reflect the principal repayment on the dwelling component (not the land component). In some countries, a provision is made for future major capital works or major refurbishment or major upgrade and these may reflect asset utilisation.
(ii) Cost of capital is the cost incurred as a result of the way in which capital is raised to acquire stock. It includes interest payments, dividends, opportunity costs of capital and rent on long-term leases of land and property.
4. The “Subsidies” column outlines the major groups of subsidies for the particular form of social housing in the country. Subsidies can be classified into four major groups according to their function within social housing finance: subsidy to income, subsidy to rent payments, subsidy to ongoing costs and subsidy to cost of capital.
5. The “Capital” column outlines the major groups of capital for the particular form of social housing in the country. Capital can be classified into three major groups according to their function in social housing finance-: debt finance (includes borrowings, bonds and debentures); equity (government or private) which requires a return to an ‘external’ equity holder, free equity, a form of equity which does not require a financial return to an ‘external’ equity holder and so does not impact on the cost of capital – free equity includes grants, interest-free loans, reserves, land donations and long-term lease of land rent-free.
6. Primary sources on Australian finance system: Australia. Department of Family and Community Services various years and Ecumenical Housing 1997
7. Primary sources on New Zealand finance system: Housing New Zealand Corporation 2002 and 2003
8. Primary source on United States of America finance system: Carson et al. 1993
9. Primary sources on Canada finance system: Ditch J, Lewis A and Wilcox S 2001 and Sewell 1994
10. Primary source on United Kingdom finance system: United Kingdom. Department of Environment Transport and the Regions 2000a and 2000b
11. Primary source on Denmark finance system: Boelhouwer P and van der Heijden H 1992
12. Primary source on The Netherlands finance system: Milligan V 2003
13. Primary source on Sweden finance system: Boelhouwer and van der Heijden 1992).
14. Primary source on Germany finance system: Dorn 1997 and Ditch J, Lewis A and Wilcox S 2001

Table 3: The role of social housing in relation to a standard of living within selected countries¹

Country	Mechanism for achieving housing affordability	Other roles²
Australia: public housing	Household rental system	
Australia: community housing	Household rental system adjusted to take account of rental allowance to social assistance recipients	
New Zealand	Household rental system	
United States of America	Household rental system	
Canada	Household rental system	
United Kingdom	Rental allowance to the value of the property rent	
Sweden	Rental allowance varied according to household type and size, rents and household income (with allowance for number of children)	Tenant participation Private rental stabilisation
The Netherlands	Rental allowance varied according to household income, rent, household size, household type and rent band	
Germany	Rental allowance to value of the property rent for social assistance recipients Rental allowance varied according tenant's income, allowable deductions from income, the age of the dwelling and the level of rent.	

1. This summary is indicative rather than definitive – further research is required to substantiate the actual role of social housing in each country.

2. All social housing has a role in relation to providing housing that is of good standard, appropriate to the needs of the household and with good amenity – some forms of social housing in some countries achieve this better than others.

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