A SELECTIVE MODEL IN UNIVERSAL CLOTHING?
- CONSEQUENCES OF MARKET-ADAPTION OF SWEDISH PUBLIC HOUSING FOR THE
  SOCIALLY INCLUSIVE CITY

Martin Grander
Department of Urban Studies, Malmö University S-205 06 Malmö, Sweden
e-mail: martin.grander@mah.se

Abstract
Public housing in Sweden has traditionally been fundamental for Swedish municipalities in striving for the socially inclusive city. Changes in policy have, however, gradually changed its playing field. This article presents results of a research project, showing concerns for public housing’s endeavour for social inclusion. The author suggests that the universal approach that has been the signature for public housing in Sweden is diminishing in favour for an ambiguous approach of universal discourse and selective outcome. While public housing is simultaneously raising the thresholds, making it harder for the large groups to enter, residualisation of public housing appears as a result of an increased secondary housing market. This dual approach minimizes the financial risk at the same time as social responsibility is claimed. But New Public Housing seems to exist in a contradictory state between its claims of universalism and excluding people with low or irregular income.

Keywords: public housing, social housing, inclusion, universalism, selectivity

Introduction
Swedish public housing, or municipal housing companies (MHCs), has in the post-war period been an important instrument in the national housing policy for contributing to a social inclusive society through local housing policy. The socially inclusive undertaking of the MHCs has come to be two-folded. Firstly, the MHCs have been providing rental apartments for the general public with their different needs, thus being fundamental in the municipalities’ regulated responsibility for supplying housing (Bengtsson, 2001, 2004). Public housing has thus been directed to all, “for the benefit of everyone” as Allmännyttan, the Swedish term for public housing, could be translated. Secondly, MHCs have since the 1990s engaged in various projects and activities, aiming for social inclusion (Grander & Stigendal, 2012; Grander, 2015; Gustavsson & Elander, 2013). This approach, inscribed in the regulation of public housing, is often labelled the social responsibility of public housing.

The role of public housing is however, changing. Incremental adaption to market principles has paved the way for removing the privileges traditionally held by MHCs. Several scholars (see e.g. Andersson and Turner, 2014; Bengtsson et al., 2006, 2015; Magnusson and Turner, 2008; Kemeny, 1995) have pointed to the changed role of public housing in the development of the national housing regime, which is argued being one of the most liberal in the world (Hedin, Clark, Lundholm, & Malmberg, 2012; Lind & Lundström, 2007). Since 2011, national legislation is forcing MHCs to compete on the same market terms as private rental companies. As national legislation is changing, so might the possibilities of public housing to fulfil its social responsibility. Doubts have been raised among MHCs whether if and how they can maintain this approach, as changed legislation demands adjustments to market conditions.

Could the inclusive approach of Swedish public housing be endangered by this development? That is the focal point of this paper, which takes its point of departure in the connection between housing and welfare systems. Attempting to relate contemporary Swedish public housing to the dichotomy of universalism and selectivity (see e.g Esping Andersen, 1990; Bengtsson, 2005), this paper sets out to
explore the consequences of changed legislation when it comes to public housing’s endeavour for social inclusion. The main research question for this paper is whether the inclusive approach of Swedish public housing is changing due to market adaption.

I will in the first section of this paper briefly introduce the theoretical field of housing in relation to welfare studies, including a specification of 1) the dichotomy universalism and selectivity in welfare and housing regimes and 2) social/public housing as an area of analysis. This section will also outline the development of the public housing sector in Sweden. I the second section, a presentation of the empirical research building the foundation for this paper will be presented. In the third section, I will discuss the findings from the research data by returning to the concepts of universalism and selectivity in housing policy.

1. Conceptual framework, definitions and context

The relation between welfare systems and housing systems are subject to a vast number of academic writings. Many studies (See e.g. Lennartz, 2008, Andersson and Turner, 2014; Blessing, 2012; Christophers, 2013; Fitzpatrick, 2005; Fitzpatrick and Stephens, 2014) lean on the research by Gösta Esping-Andersen (1990;1999) and Jim Kemeny (1995) to understand the relation between housing and welfare. The departure is often Esping-Andersen's well-known typology of three types of welfare regimes. A welfare regime must here be differentiated from the welfare state. Where Esping-Andersen defines welfare states as legal and institutional arrangements of social policy, welfare regimes are, according to Esping-Andersen’s typology, distinguished by 1) the degree of de-commodification, meaning the extent to which individuals or families – regardless income – can make their living standards independent of pure market forces 2) the level of stratification of social policies and 3) the relative positions of the state, the market, and the family in managing social risks. By analysing data regarding these three parameters from 18 OECD countries, Esping-Andersen identifies three types of welfare regimes.

The social democratic welfare regime that is characterizing the Swedish model is, in opposition to the liberal and (to some extent) the conservative welfare regimes, characterised as universal, as benefits are not means tested, based on previous income and financed by taxes, not insurances. This universalism also suggest that benefits are sufficiently generous to provide adequate support (Lindbom, 2001). The state – not private insurances or the family – is primarily responsible for providing economic security and welfare. In the liberal regimes, policies and benefits are more selective – as the state provides a minimal support, usually means-tested. The universal approach of the social democratic welfare regime could be linked to the concept of social inclusion. While too large a concept to give justice here, the concept of social inclusion in this paper builds on definitions (Fangen, 2010; Stigendal, 2006) stating inclusion as the opposite of exclusion. While social exclusion could be seen both as a state (as a result of not being able to pass excluding barriers) and as a process (socially excluding mechanisms), social inclusion is a state, while an inclusive approach implies the striving for this state. The implicit moral metanarrative of social inclusion as something inherently good and desirable could be discussed. As Levitas (2005) discusses, the society itself, with it’s barriers in terms of employment, education etc., has come to form an inclusive society, where many people do not have a place. By having a universal character, the social democratic welfare regime could be described as inclusive, catering not only for the most vulnerable or well-off groups of citizens, excluding others, but offering broad policies and support systems for the general public. Whether the social democratic welfare regime of today lives up to this characterization, or if the regime should be regarded as an ideal model, could be further discussed and problematized. In this article I will however focus on the key characteristics of the social democratic welfare regime’s universal principles in relation to housing.

The relation between the welfare state and housing is complicated. Esping-Andersen did not include housing in his research about welfare regimes, and many welfare researchers following him has also
refrained to do so, most likely as housing could be seen as having a most ambiguous role within the wider welfare state (Lennartz, 2011). Housing has been described as both a cornerstone (Malpass, 2008) and a wobbly pillar (Torgersen, 1987) of the welfare state. What makes it complicated is of course its relation to the market. Housing is often simultaneously a market commodity, based on individual transactions, and a public good demanding state involvement. Comparisons with other welfare sectors, where state allocation is the main mechanism of distribution, are therefore often misleading (Bengtsson, 2001).

As Malpass (2008) discusses, the key is the perspective from which we consider housing. Should housing be regarded as something within the welfare state or should it be regarded as something outside the welfare state? If we choose the first perspective, housing seen from a welfare state-perspective should only deal with questions regarding how the welfare state provides housing for individuals, ignoring mechanisms of the market. Consequently, should we adopt a wider perspective, the market must be taken into account. As there is no country where the main mechanism for housing in general is “handed it out” to all citizens, it seems hard to discuss housing separate from market principles. Nevertheless, housing is often argued as a social right and thus closely connected to the welfare state. As Bengtsson (1995; 2004; 2006) describes, housing in Sweden has become the ‘market commodity of the welfare state’. The state’s role is narrowed down to interventions, seen as correctives of the market. Examples of these correctives in Sweden have been different types of tax policies, allowances and subsidies, directed at certain groups. The most important corrective is the housing allowance, directed to people with low income. The housing allowance has made it possible for all groups to get access to the general housing market. As Bengtsson (2001) states, the main message of the Swedish housing regime is that housing is a social right, but people should be able to exercise that right in the market. Correcting the market has endeavored for this right. Thus, the housing regime in a universal welfare regime as Sweden could be said to have selective measures in order to become universal. The housing regime could be argued of being based on the principles of proportional universalism (Marmot, 2010), i.e. an universal measure with a scale and intensity that is proportional to needs.

**Public and social housing in universal and selective housing regimes**

This paper does not deal with housing policies or housing regimes in general, but focus on the role and development of social/public housing in housing regimes. A definition of Swedish public housing in relation to social housing is thus required. The Swedish model of public housing differs from social housing in other European countries, as the apartments in public housing are available for everyone, not only people with low income or other special needs. The Swedish term “allmännytta” is not correctly translated to public housing, but rather to “for the benefit of everyone”. Thus, public housing in Sweden is not needs tested or selective, as in countries with social housing. Instead, a universal approach has been the key signifier for Swedish public housing since the Second World War. Public housing is available for the general public and is usually applied for by the MHC’s or the municipality’s queue system. This universal approach could be clearly linked to the universal principles of the Social democratic welfare regime, as described above.

Public/social housing has during the last decade been put in the European spotlight. As the European Commission is demanding open competition on all markets, public actors cannot in any ways be subsidized if not private actors gain access to the same subsidies. Regarding social/public housing, however, subsidiaries could be directed to private or public actors providing housing for a distinct sub-sector, working as a safety net for people with low income. This has led to that most1 countries have made a more clear demarcation between the social housing sector and the regular housing sector. For example, the Dutch government has agreed with the EU on an income cap for people who could apply for social housing. Earlier, Dutch social housing has been available for everyone (Czischke, 2009;  

---

1 Denmark is an exception, which could be described as a subsidised universal model with priority for groups with special needs.
The universal discourse of public housing in Sweden has, despite changes to adapt to European demands, prevailed. In 2002, private actors on the Swedish rental market filed a report to the European Commission, claiming that Swedish public housing did not comply with European legislation on competition. Municipal subsidies directed to public housing, combined with the model of rents in public housing constituting benchmark in the use value assessment of rents in general, were claimed to be conflicting with EC competition law (Elsinga & Lind, 2012; Grander & Stigendal, 2012). The Swedish government chose another direction than the Dutch. In order not to be tried in the European Commission, the Swedish government agreed to withdraw all subsidies towards public housing.

This brief comparison between the Dutch and Swedish adoption to European legislation on competition illustrates the potential uniqueness of the contemporary Swedish housing regime. While both the Dutch and the Swedish models are considered integrated rental markets (Kemeny 1995), where public and private actors act on the same market, the Dutch model of public housing is joining most of other European countries with an integrated housing market in a model for needs-tested selective social housing. Sweden’s model sticks out as an integrated housing market with non-needs-tested public housing. What makes Swedish public housing unique is the universal approach, an approach that seems to be persistent even to external pressure.

To accentuate the differences in this dichotomy of universal and selective housing regimes in relation to public housing, a selective housing regime is characterized by the state being responsible for providing households of lesser means alongside the general housing market, using a system of social housing where private and/or public actors provide housing for certain groups on a needs-tested basis. A universal housing regime is characterized by the state being expected to correct the general housing market, so public actors on the housing market provide housing for all types of households, regardless of their economic situation. Bengtsson argues that “a universal regime can be defined as having a wide policy field, in principle including the whole sector, while a selective sector policy would have a narrow policy field, including only a minor share of the sector reserved for citizens of lesser means” (2001:270). Bengtsson claimed in 2001 that the universal approach was dominant in Swedish housing policy, at least in discourse. He argued, however, that the outcome of the housing regime had become more and more selective since the 1990s. In the coming chapter, I will pick up this thread, focusing specifically on public housing in Sweden. Is the universal housing approach still valid for public housing of today?

The context: A Swedish housing regime and public housing in transition

During the last decades, policy changes could have changed the Swedish housing policy, which now can be argued to have lost many of its traditional characteristics. The key message of policy changes has been a promotion (primarily by tax reductions on loans for housing costs) of home ownership and removal of subventions for rental housing. In terms of welfare and redistribution, the policy changes should be seen in the light of that people with higher income are the ones most benefiting from the tax reduction on housing loans. The changes dates back to 1991, where a swift change in welfare ideology came as the right wing coalition won the national elections. The ideological changes got imprints on housing policy. The state’s role in planning and governing of housing diminished, and increased
reliance was put on market solutions. The governmental housing department was shut down and legislation on municipal allocation of housing (meaning that municipalities could demand that private landlords handed over a certain part of their apartments to the public queue system) was abolished. This resulted in that many municipalities closed down their queue systems. Instead, the MHCs became supposed to take a larger responsibility, both in providing housing (they came to manage the general queue in many municipalities) and to work with questions regarding social inclusion in housing areas (Boverket, 2014).

Gradual changes have made MHCs more market oriented and subventions for public housing have been removed. In 2011, the legislation *Lag (2010:897) om kommunala allmännyttiga bostadsbolag* on Swedish public housing was inaugurated, obliging MHCs to act on same conditions as private housing companies. The background for the changes that led to the current legislation is the report filed by private actors to the European Commission, described above. Since 2011, public housing is a market-actor. An important difference for MHCs since 2011 is that all actions must be economically justified. Investments cannot be undertaken if they aren’t calculated to yield. However, the social responsibility of MHCs is still clearly stated in the legislation. This somewhat ambiguous mission have caused a consideration of MHCs in Sweden as hybrid organisations (Bengtsson et al., 2015; Blessing, 2012; Christophers, 2013), in the sense that they not only should relate to business requirements at a competitive market, characterized by profit motives, but also has an aim of societal benefit.

It could be argued that the development of public housing since the 1990s has been of incremental kind, however possibly compromising the existence of public housing as we know it. As a result of the changes in public housing, several researchers have consequently questioned the validity of key elements in Swedish housing policy. Holmqvist and Turner (2013) show how political and economical pressure has caused problems of affordability and that the proportion of households at risk of poverty has been increasing when taking housing costs into consideration. Several studies (Andersson & Turner, 2014; Boverket, 2015; Magnusson & Turner, 2008; Salonen, 2015) have shown that public housing in general is subject for residualisation, i. e. that households residing in public housing have become poorer in relative terms. Although the national political discourse is taking a broad stance against the European model of social housing, in favour of the universal approach, public housing is becoming “social by default” (Magnusson and Turner, 2008).

As demands on market yield and competitiveness clash with demands on universalism and social inclusion, the public housing sector could be suffering kind of an identity crisis. It seems that Sweden might be moving towards a more residual model of public housing, where universal and inclusive principles are becoming abandoned for a more selective and excluding practice. Still, the universal discourse is resilient and still seemingly fundamental, as the Swedish government was not willing to abandon the principles despite pressure from the EU. The current legislation is stating that public housing should supply a “varied supply of housing of good quality that can attract different tenants” (Regeringen, 2010, p. 40 (my translation)). The organizational hybrid of New Public Housing with its regulated dual undertaking of social responsibility and competitiveness shall still provide rental apartments for tenants with different income. In the forthcoming, I will investigate the consequences of the 2011 legislation; the actual social practice of New Public Housing with regards to social inclusion and the validity of the universal approach, using data from a recently finished research project.

2. **New Public Housing in Sweden – still universal, still inclusive?**

The analysis of this article is based on empirical findings of a research project – “Nyttan med allmännyttan” – on public housing in Sweden, launched by the Swedish public housing organisation SABO in 2013 as a result of the changes in legislation in 2011. The overall aim of the author’s part of the research has been to examine what kind of social responsibility MHCs are engaged in and how the
changes in legislation have affected the work with social responsibility. The project has deployed a combination of qualitative and qualitative methods.

Method

In the initial phase of the research project, a survey was sent to all MHCs in Sweden with the purpose of examining the state of play regarding social responsibility and marked adoption. Of 259 valid respondents, 184 responded, giving a response rate of 71%. Failure analysis gives that respondents are representing the population as a whole in terms of share of public housing in the municipality and geographical variation. Regarding to size, however, the share of smaller companies is somewhat larger in the total population than among the respondents. A second survey was sent to the 290 Swedish municipalities, of which 108 (41%) responded. Failure analysis gives a good representation of respondents in relation to the country as a whole.

During 2014, the survey was followed up with in-depth case studies. Nine MHCs have been selected for field studies and interviews, using a number of parameters for selection. MHCs in the three largest cities, Stockholm, Göteborg and Malmö were selected. As segregation and social inequality is most apparent in these cities, it is also here that a large proportion of public housing initiatives related to social responsibility takes place. We have also seen that public housing have had political importance in the big cities, especially in Stockholm. Other parameters for selection were a variation in size of companies and municipalities and geographical location. We wanted to include large and expanding cities as well as smaller and declining cities and towns. We wanted to study both large companies and small, especially considering that the average MHC is a relatively small company in terms of number of apartments. The selected MHCs and municipalities have been visited between June and December 2014. In each municipality, between three and eight interviews have been made. The MHC’s Managing Director and/or responsible for social responsibility and the CFO have been interviewed in each municipality. In addition, representatives from politics and/or the municipality administration have been interviewed. In some cases, both representatives from the political majority and the opposition have participated in interviews. We have also met with area developers, project managers and various other persons. The interviews have in most cases been made in the MHC’s locality and have been recorded and transcribed in full. In total, we met 47 different people at 44 interview sessions. The quotes used in this article are anonymous, but has been agreed with the respondents to ensure that they are correctly understood. Customary linguistic adjustment of spoken language has been done. All quotes have been translated by the author.

Findings

The findings show that social responsibility among the MHCs seems to be constituted of a large number of activities. These activities can be divided into three different levels. A first level deals with creating a good social relation between tenant and landlord. A second level deals with so-called area-based projects that the companies engage in, such as school projects, employment activities and small-scale local urban regeneration. These two levels of activities correspond to the contemporary discourse of social responsibility, envisioned in strategies for Corporate Social Responsibility (CSR) present in most companies, for-profit as well as non-profit (see, for instance, Windell, 2015). While being traditional activities in public housing, much of the practice might no longer be unique for MHCs. A third level of activities concerns the task of supplying housing for the general public. This level of social responsibility could be argued being the main task for public housing in Sweden, as it deals with the obligation of public housing to meet different housing needs. The responsibility includes not only providing apartments but also the MHCs’ requirements on tenants for signing rental contracts and the actual rent levels.

---

2 Interviews and field visits have been done by the author together with Stig Westerdahl, Department of Urban Studies, Malmö University
A central question in the research has been whether the new legislation has implied any changes on the social responsibility undertaken by the MHCs. To start with, the initial results give that the changes in legislation on market-adaption have not had any implications on the companies’ work with social responsibility, at least according to the survey. 19% of the MHCs mean that the changes in legislation have not resulted in obstacles for acting socially responsible. Simultaneously, more than 50% of the companies tell that the legislation has resulted in increased financial requirements, such as demands on yield and expected results. Despite these requirements, the companies claim that they can take the same social responsibility as before the changes in legislation. This, somewhat contrasting, result, should be connected to the three levels of social responsibility discussed above. What is manifested in the empirical material is that first two levels of social responsibility have not been affected by the changes in legislation. Quite the contrary, as this kind of social responsibility seems to have become even more important for the companies. The examples of activities and projects are numerous, and several are presenting CSR-reports and have dedicated staff units working with “strategic development” regarding social sustainability. The interviewees consider these activities as economically profitable for the company in the long run. An example of this can be found in the narrative of a staff member of one of the MHCs, who claim that the social responsibility remain untouched after the changes in legislation. “We believe these projects generate socio-economical benefit, but also business profit in the long run, why we see them as economically defendable” (interviewee 36, Managing Director), he says when talking about the legislation’s effects. This kind of social responsibility is thus considered not jeopardized by the regulated market-adaption.

It is instead in the third level of social responsibility where consequences of demands on market-adaption could be seen. It is on this level that the impact of the legislation becomes clear, through increased demands on yield that changes the financial situation of the MHCs. It is also within this level that the universal and inclusive approach is challenged.

Consequences of the market-adoption: raised thresholds for gaining access to public housing

As explained, the universal housing policy in Sweden has been considered a guarantee for providing housing to the general public; primarily achieved by MHCs as an instrument and with the selective measure of housing allowance as a guarantee for people with lower income to gain access to rental housing. The empirical data in this study gives, however, another signal of who is welcome in public housing. The Managing Director of one MHC tells that higher demands on yield as result of the legislation might increase the rent for tenants.

“(…) We have a tradition of negotiating rents without aiming for profit, and if we are talking about the new legislation, we then realized – together with the owner – that we must have some form of yield. But to go from zero to a reasonable rate of return over 1 year would mean unreasonable rent increase, so instead we gradually increased it (…)” (interviewee 40, CFO),

Where MHCs earlier have been able to raise rents only with regard to the index of consumer prices, inflation and planned maintenance, legislation on business-like principles and marked adoption might force them to raise rents with regard to expectance on yield, thus making it harder for people with lower income to stay in public housing.

More interestingly, results of the survey show that MHCs impose hard requirements on who may sign a new rental contract. The requirements are regulated in rental polices. Obviously, rental policies decide who can live in public housing and is thus of central concern for the discussion of universalism and selectivity in public housing. The data shows that 183 out of 184 MHCs impose financial requirements in order for a tenant to be eligible for signing a rental contract. In general, the demands seem to have risen. Previous studies (Sveriges Radio, 2013), have shown that 82% of MHCs had financial requirements on new tenants as late as 2013. The requirements in rental policies are of various kind. 101 of the 184 responding companies do not accept new tenants with a record of non-payment. 81% demand that potential tenants have sufficient income in order a to sign a contract. This minimum income is usually defined as a monthly gross income three or four times as large as the rent.
How this income is calculated, and what kind of income is considered as legit in reaching the threshold for sufficient income, also differs between the MHCs. Responses give that 26 of 184 companies do not approve income from temporary employment. Permanent employment is necessary to become a tenant in these MHCs. Furthermore, benefits and allowances of different kinds are not always considered as legit income. Almost 25% of the MHCs do not consider housing allowance as a legit income. This must be seen in relation to that the housing allowance has been the key instrument in the universal housing policy for enabling people, regardless of income, to get access to housing. Despite this, 64 companies do not accept housing allowance as a legit income in order to sign a rental contract. Also, unemployment benefits and social allowance are not always seen as legit income. Four out of ten do not consider social benefit as a legit income, thus not allowing people dependent on social benefit to sign a contract directly with the MHC.

The data show that strict rental policies are quite evenly spread among MHCs. There are tendencies that companies in municipalities on strong housing markets (high real estate prices, low rental vacancies) are more reluctant to accepting new tenants with housing allowance and social benefit than MHCs on weaker markets. It is also slightly more common in larger cities to reject benefits and allowance as income than in smaller cities. Thus, the trend is that the larger and more attractive the city, the stricter the rental policy. The three largest cities are, however, exceptions. Malmö and Göteborg have MHCs with generous rental policies, while the MHCs in Stockholm have been more restrictive. After the shift of local government from right wing to left wing in 2014, rental policies were however made drastically more generous also in Stockholm.

The variation between MHCs could be thus explained with politics. Since MHCs are local politically governed companies, it might be interesting to explore how the thresholds differ in different political contexts. It would not be far-fetched to believe that companies in municipalities governed by left-wing coalitions would have more generous rental policies. Although differences are small, this assumption is true for acceptance of social benefit as a legit income. MHCs in right wing-governed municipalities are more reluctant in accepting social benefit as legit income. Figure 1 shows the acceptance of social benefit among MHCs.

Figure 1: MHCs accepting / declining social benefit as legit income for signing rental contract with regard to local political power, strength of local housing market and municipality size.
One of the MHCs in the case study, Landskronahem, have since 1999 had a rental policy that do not let people dependent on social benefits sign a contract, a policy that both leading conservatives and opposing social democrats in the city council are supporting. Several reasons for not accepting social benefit are lifted in interviews. Firstly, the number of people residing in the MHC with low income has historically been high, which has been seen as financial burden for the company. Restricting the rental policies has been a question of “survival”, according to the Managing Director.

“We had a situation where the company had to accept a large number of people that were very heavy to handle, without any help from any others, so to speak. We felt that this was something we had to change, so this was done in cooperation with the city council” (Interviewee 17, Managing Director).

Secondly, the policy could be seen as a part of a municipal strategy of raising the city’s image. Being part of an expansive region in south-western Sweden, the city wants to strengthen its brand and attract more wealthy citizens (see also Beaten and Listerborn, forthcoming; Annadotter and Blomé, 2014). Thus, the MHC is used as a political tool in the city planning, creating a more socially mixed and “sustainable” city. Could social responsibility and sustainability resonate with strict rental policies that hinder people dependent on housing allowance or social benefit signing a rental contract? According to the politicians governing Landskronahem, private and public landlords should share the social responsibility of catering for people receiving social benefits. Consequently, the argument seems to be that it is the private landlords’ turn to take this responsibility, in order for the share of people having social benefit to become distributed among all landlords. In this MHC’s endeavour for the socially mixed city, it is argued socially responsible to restrict who can live in their apartments. The strategy seems to have had effects. As data from the research project (Salonen 2015) shows, the share of people with low income is nowadays much higher within private rental housing than in public housing: 22 % of all people with low income live in public housing, while 54 % live in private rental apartments.

There are more examples of how rental policies are used as a tool to create a social mix: “Social benefit is only accepted as income in geographically restricted areas, i.e. everywhere except for the
Workshop: Social Housing: Institutions, Organisations and Governance

The increased financial demands on MHCs could imply that the companies are less eager to take risks. Is there a way to deal with the risks, and still claim to be socially responsible and having an inclusive approach? Several MHCs mean that they take social responsibility for weaker groups by working together with the municipality’s social service on the basis of what is called the secondary housing market.

**Raised thresholds in parallel with residualisation of public housing: the significance of the secondary housing market**

The inclination of stricter rental policies seem to be in stark contrast with current research and data that shows how Swedish public housing in general is subject for residualisation and becoming “social by default”. Contemporary research shows how people residing in public housing are becoming poorer in relation to the total population. How could this be possible, when rental policies are becoming stricter? That public housing imposes high demands on rental contracts does not necessarily mean that people with low income cannot get somewhere to live. Persons with social benefit are either directed to private landlords with lower thresholds, or could apply for apartments through the system of the secondary housing market. The secondary housing market means that municipalities, through their social services, rents apartments from housing companies (both private and public) and in turn sublet – via so called social contracts – the apartments to persons who don’t – of different reasons – have the possibility to get access to housing through the ordinary housing market. The aim is that the subletting tenant should take over the contract for the apartment if everything works well. Reports from Boverket (The State Department of Housing) (2014), show that the secondary housing market increasingly is used as a way in to the regular housing market. Problems have, however, emerged. Several reports from larger cities with a lack of housing show how some private actors take advantage of the situation, offering social contracts to the municipality at steep rents. In times of social polarisation and lack of housing, social contracts is good business. This has raised demands among municipalities on their MHCs to hand over more apartments for social contracts.

In the empirical data, we see a number of these cases. The municipal housing company MKB in Malmö have a system for social contracts and recently designated 100 apartments for homeless families with children. The municipality rents the apartments, and are subletting to tenants who after 6-12 months have the possibility to take over the contract if the economical situation for the tenant becomes sustainable and if he/she takes good care of the apartment. The MHC Hyresbostäder i Norrköping have a different system. The apartments reserved for the secondary housing market is not rented by the municipality’s social office and then sublet, but instead rented directly by the tenant.

---

3 The million programme was a national housing programme during 1966-1974, aiming to build one million dwellings in ten years. Many of the areas built in this period are today associated by social exclusion.
4 The term secondary housing market is sometimes also used to describe the informal housing market characterised by illegal sub-letting from one tenant to another. In this article, the term denotes the municipalities’ work with subletting rental apartments.
contract is not permanent, but as in other municipalities it could be transferred to an ordinary contract between the MHC and the tenant.

The relation between the secondary housing market and raised thresholds for entering public housing is interesting. At the same time as rental policies in MHCs are becoming stricter, national statistics shows that the number of apartments on the secondary housing markets is increasing. Boverket (2014) report that the total number of apartments belonging to the secondary housing market have increased from 9,431 in 2008 to 16,386 apartments in 2013. Although representing a very small share of the national rental market as a whole (totalling to 2.5 million rental apartments), this is an increase with 45% during the time span. The number of municipalities having a secondary housing market is in the same time span increasing from 205 to 260 (out of 290). According to Boverket, MHCs are the most common collaborator with the municipality regarding the secondary housing market and its share is increasing. 89% of the municipalities have cooperation with local MHCs regarding social contracts, compared to 80% in 2008. 34 % cooperate with private landlords, compared to 33% in 2008. The increased number of social contracts among the MHCs could be seen as compensatory actions for stricter rental policies on the ordinary market. Several of the companies in the study who have applied stricter policies mean that they take social responsibility by increasingly offering social contracts via the secondary housing market.

“It's not as if we are not addressing vulnerable groups, we are having a system with sublease through the [municipal authority] Individual and Family, so we don’t say that we don't accept specific individuals, it’s that we do it in another way” (Interviewee 17, Managing Director).

To sum up the findings, there seem to exist a duality in the universal approach in the access to Swedish public housing. At the one hand, the strict rental policies seem to exclude a large number of people, who are dependent on social benefit, on housing allowance or have irregular employment. On the other hand, there is an increasing number of social contracts provided through the system of the municipalities’ secondary housing market, thus providing apartments for people who cannot gain access to housing on the ordinary market.

3. Discussion: The ambiguity of New Public Housing – a result of market adaption?

The increased thresholds to enter public housing presented in this research seem to correlate with an increased number of apartments used for social contracts. As demands are increasing on new tenants to have stable and relatively high income from employment, the MHCs seem at the same time to be more willing to provide apartments to the secondary housing market system. This is an ambiguous state where public housing is increasing the number of tenants with reliable market income at the same time as they are increasing the number of tenants with no income at all.

This ambiguity of target groups of public housing could be connected to the development of the rental sector and market adaption of public housing. The common denominator for the dual target groups is financial security. By increasing financial demands on “regular” tenants, the risk of non-payment of rents is becoming smaller. And by increasing the number of social contracts, the company is fulfilling demands on social responsibility without risking losing any income, as the social services are paying the rents. While the municipalities are taking the economical risk, the MHCs are claiming the social responsibility and inclusive approach. On the contemporary de-regulated market, municipalities are more dependent on the will of the actors on the housing market to provide apartments for the secondary housing sector. As a result of the incremental marked adaption, municipalities have lost power over the apartments in the secondary housing market. Landlords (both private and public) have the power to choose whether their apartments should be eligible for the secondary housing market or not. The secondary housing market thus exists on the conditions of the market, and we have seen how private actors had taken advantage of this, offering social contracts to the municipality at very high costs. Consequently, the pressure is increasing on MHCs to increase its share of social contracts. And
many of them seem to oblige, since social contracts are an economical risk-free business, which also helps them claim social responsibility.

The increased number of social contracts in the secondary housing market should thus be related to the increased residualisation of public housing, which several scholars (Andersson & Turner, 2014; Boverket, 2015; Magnusson & Turner, 2008; Salonen, 2015) have pointed out. As a larger number of people with no or very low-income get apartments in MHCs, the average income in public housing drops. Simultaneously, the MHC’s raised thresholds in rental policies might increase the average income, which could dampen residualisation. The local differences are evident. In larger cities and on strong housing markets the income thresholds among the MHCs are higher, which correlates with research that shows that residualisation is weaker in such cities and municipalities. In the three largest cities, however, rental policies are more generous and the secondary housing market is large, leading to a residualisation in Stockholm, Göteborg and Malmö. In Stockholm, this has been accentuated by extensive sales of public housing apartments to the tenants. As only people with financial capital have been able to buy their apartments, the remaining stock of public housing has seen an increased share of people with low income (Hedin et al., 2012; Salonen, 2015). The research presented in this paper is thus connecting the locally differentiated trends of residualisation with the local political strategies of rental policies and social contracts within public housing.

Is Swedish public housing of today universal? Could it be claimed being inclusive? As we have seen, the Swedish government has been persistent on keeping the universal approach, also when facing external pressure. It could be also said that, by catering for socially excluded people financially cared for by the municipality on the one hand, and the financially stable middle class on the other hand, the totality of the approach by public housing could be seen as universal. However, a large group of people might fall outside this approach. People with low or irregular income, for example people with part-time work or young people with project-based income, are becoming less likely to be able to be granted a contract in New Public Housing. And, perhaps more worrying, we see that people dependent on housing allowance – a selective measure, a corrective that should guarantee the universal right to housing – might not be legit tenants when facing the barriers of New Public Housing. Thus, the foundation for the universal model is withering. Another aspect is the increased insecurity for tenants. By increasing the social contracts through the secondary housing market, the number of direct contracts between MHC’s and tenants are decreasing. The social contracts are sub-let and there is no guarantee that the contract will transform into an ordinary contact between the MHC and the tenant. New Public Housing might be socially inclusive by catering for people with low income, but by doing it through the secondary housing market, the inclusion is stipulated.

To sum up, there is a dual strategy of MHCs that could be regarded more selective than universal. The ideal tenants have high and regular income or no income at all. In both cases financial risks are minimized and social responsibility could be claimed. There are – however – many people who fall between the chairs. New Public Housing could therefore be argued to be losing its inclusive role of “for the benefit for everyone”. There seems to exist not only an “A-group” and a “B-group” on the public housing rental market, but also a “C-group”. Where the A-group can pass the barriers to public housing by having sufficient income and stable employment, the C-group can enter via social contracts. The B-group, however, a big bulk of individuals with low or average wages, irregular income and insecure employment conditions, are increasingly being excluded by the barriers built up by stricter rental policies. With regards to the national housing regime, the results of this study are in line with Bengtsson (2001), who summarises the Swedish housing regime as having a universal discourse with selective outcome. Adding the results from this study, it could be claimed that the selective outcome is even more evident today as New Public Housing is clearly not for the benefit for everyone.

The deepened consequences of New Public Housing in Sweden are yet to be seen, but the material presented in this paper raises question whether a selective approach is brought in through the back door in a national regime which still clings on to a universal discourse. A key in the discussion is the local differences, which could be linked to political majorities in the local governments. The
delegation of power to municipal level means that the development of public housing is much in the hands of local politicians. This local power could be said to make all the difference in the development regarding a universal or selective approach of public housing. As we have seen, the raised thresholds in public housing is often connected to an idea of a varied city, argued as socially sustainable. But in many cities the accomplishment of the mixed city is done on the expense of people with low income. Thus, it could be argued that the question of universalism and inclusion in New Public Housing is in the hands of the politicians forming the cities and municipalities of tomorrow.

Conclusions: The ambiguous New Public Housing – a selective model in universal clothing

In this paper, I have discussed how the inclusive approach of public housing in Sweden has changed as a consequence of gradual market adaption and especially as a result of legislation inaugurated in 2011. It could be argued that this shift could be described in terms of dualism – from a universal model connected to the Social democratic welfare regime into an ambiguous model with universal aims and discourse but with selective means and outcome. New Public Housing could be argued to be losing its inclusive character of “for the benefit for everyone”. The paper’s main arguments could be summed up in three conclusions:

1. The thresholds for entering public housing are increasingly excluding people with low or irregular income. Housing allowances – the state corrective building the foundation for the universal model – are not always being accepted as a legit income in order for a tenant to sign a rental contract in New Public Housing.
2. The raised thresholds are compensated by an increase in “social contracts” where municipalities rent apartments from public housing companies and in turn sublet to people who can’t gain access to housing through the regular market. This could explain how increased residualisation appears in parallel to raised financial thresholds.
3. This ambiguity means that public housing is catering increasingly for the most well off and the most vulnerable in society, as a consequence of the ongoing market adaption. Public housing could claim inclusiveness and social responsibility while at the same time take less economical risk. This is, however, on the expense of a large group of people who become excluded from public housing. While New Public Housing still has a universal discourse, the outcome is clearly selective.
Bibliography


Workshop: Social Housing: Institutions, Organisations and Governance


