Off the Beaten Track? Selectivity, Discretion and Path-Shaping in Swedish Public Housing

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ABSTRACT
By its universal approach, Swedish public housing has traditionally been an instrument to contribute to the national policy aim of “good housing for all”. However, the universal approach is under pressure. Demands on competitiveness and a businesslike return on investment means public housing companies are increasingly striving for profit in their everyday business. This paper analyses this development with the strategic-relational approach (SRA) and argues that a new economic imaginary has emerged, which limits the companies’ perceived possibilities to retain the universal approach. However, spatio-temporal variations are evident and the findings give evidence to ample actorial discretion for companies to negotiate the economic imaginary in the current political-economic landscape. Thus, the potential to retain the undertaking of “good housing for all” still exists, but it is unevenly actualized. How this discretion is used may be decisive for the future of the universal character of public housing in Sweden.

1. Introduction
As of 2018, Swedish public housing is one of the only remaining European models of public housing with a universal character, which means that dwellings are accessible to everyone regardless of income. While other European countries with previous universal models have made a “selective turn” (Elsinga and Lind 2013; Priemus and Gruis 2011; Scanlon, Whitehead, and Arrigoitia 2014), Swedish public housing, constituted by municipal housing companies (MHCs), are still obliged to provide “good housing for all”. However, public housing in Sweden is since the 1990s experiencing a potentially dramatic shift in terms of market adaption (Grundström and Molina 2016; Holmqvist and Turner Magnusson 2013). Since 2011, new legislation has prompted MHCs to compete on the same terms as private rental companies on a level playing field, which involves what the legislation states as “market demand for return on investment”. As a consequence of such financial demands, the universal approach has been questioned by housing researchers, who have found, for example, that financial barriers for tenants entering public housing have increased and that the construction of new apartment buildings in the low-cost segment has halted (Grander 2017; Westerdahl
The scholars argue that these recent developments limit the possibility to provide “good housing for all”.

However, empirical observations indicate that MHCs make varying decisions despite that they all work under common financial demands. This paper further examines such variation and argues that a deepened understanding of the agency of local MHCs is necessary to explain the development of public housing. Ontologically grounded in critical realism (Bhaskar 1989), the study recognizes the need to uncover the contingent conditions for something to happen – for underlying powers to become actualized. Such a recognition is central in the strategic-relational approach (SRA) (Sum and Jessop 2013), an analytical framework which highlights the dialectic relationship between structure and agency. Taking point of departure in SRA’s differentiation in strategic selectivities, the article seeks to highlight the discretion – the room to manoeuvre – of public housing actors. By investigating the actions (and non-actions) of MHCs, the aim of the paper is, first, to examine how the MHCs construe the actorial discretion in the current political-economic landscape and, second, to determine how and why such discretion is used in the construction of the social world. Third, the research aims to discuss the implications of such construals and constructions regarding the outcome and potential path-shaping of the universal approach of public housing. Altogether, the papers seek to answer the question how and why do local MHCs under increased financial demands act diverging when it comes to fulfilling the universal approach of Swedish public housing?

The first section of this paper outlines previous research on the transformation of the public housing sector in Sweden, while the second section introduces the analytical framework. In the third section, the empirical research is presented and discussed in relation to the framework. Finally, the paper draws conclusions on policy implications and the rationality of universalism in Swedish public housing.

2. The Universal Model of Swedish Public Housing and the Rise of New Public Housing

Since 1945, Sweden has embraced a universal housing policy. Fundamental in this policy has been a model of public housing where the dwellings are of common good, meaning accessible to everyone. The motto for this model is “good housing for all”, thus one’s ability to secure housing is not means- or income-tested. Cost-based MHCs were established for this purpose and were given state subsidies in the form of beneficial loans for the construction of new housing. Swedish public housing, the so-called allmännyttan (“for the benefit of everyone”), has been a cornerstone of the national housing regime ever since. Today, it contributes with around half of all rental apartments and 17% of the total housing stock in Sweden. The Swedish rental market could be argued to be the role model for the integrated rental market (Kemeny 2006), where, in principle, public housing caters to the same households as private operators on the rental market (Bengtsson 2001), instead of only the poorest households as is typical in dualistic rental markets.

Nevertheless, during the past few decades, Swedish public housing has been put under pressure. Housing policy reforms in the 1990s and 2000s have made public housing more business-oriented, as beneficial state loans were abolished after a shift in national political majority in 1991 (Holmqvist and Turner Magnusson 2013; Grundström and Molina 2016). Despite market adaptation, complaints from private operators have argued that MHCs are distorting the competition on the rental market,
which have led to demands from the European Commission on Swedish public housing to adapt to EC regulation on competition. In 2011, the demands rendered changes in national legislation, which positioned MHCs as market actors on what the EC calls a “level playing field” (Elsinga and Lind 2013). Thus, MHCs are no longer cost-based and have no financial benefits in relation to their private counterparts. A result is that actions commenced by MHCs must be economically justified; investments cannot be undertaken if they are not calculated with a “businesslike” return, which should be harmonizing with what private housing companies demand from their investments.

Despite changes made to adapt to European demands, the universal approach of public housing in Sweden has been stubbornly supported throughout the political spectra and has subsequently prevailed. As of today, Sweden is – together with Denmark – the only European country with no dedicated social housing sector. Bengtsson and Ruonavaara (2016) connect such resilience against a selective approach to the strong path-dependency of the Swedish housing regime. However, as a result of the increased financial demands, several researchers have questioned the rationality of universalism in Swedish housing policy. The 2011 changes in legislation which prompted MHCs to emphasize financial and operational developments (Lindbergh and Wilson 2016) have led to stricter rental policies (demands on e.g. specific income, stable employment and no social benefits) for a tenant to acquire an apartment in MHCs (Grander 2017). Similarly, the rate of construction of apartment houses with rents affordable for the average household has halted as a consequence of changed accounting practices in the wake of the legislation (Westerdahl 2015). The studies point to that contemporary MHCs are increasingly excluding low-income households. In contrast, Salonen (2015) shows how the empirical validity of the universal approach is debatable also from the other side, as public housing is going through a process of residualization; MHCs end up applying to the most poor households. One reason for this is, according to Grander (2017), that increased income thresholds among MHCs are compensated by an increase in “social contracts”, where the municipalities’ social services rent apartments from MHCs and, in turn, sublets them to households who cannot get access to regular housing – contributing to social housing “through the back door” (see also Magnusson and Turner, 2008). Thus, the current public housing model in Sweden stands out as an ambiguous hybrid, increasingly turning to the poorest and wealthiest households, albeit excluding a large, middle group of households. This market-adapted management of dwellings for public good – referred to as “New Public Housing” (Grander 2017) – seems to be in contrast to the universal approach of providing “good housing for all” and it may consequently have implications regarding who can obtain a place to live.

However, the aforementioned studies show large differences between MHCs: while some have strictly adapted to the new financial demands, others have not. The rationale for diverging interpretations of the new political-economic landscape and acting within it has yet to be explained in the literature. This paper will analyse how and why MHCs act differently by examining the rationalities of MHCs in two cases: First, regarding rental policies and, second, regarding the quantity, characteristics and geography of the construction of new housing. As exemplified above, these two cases are of empirical relevance for the outcome of the universal approach. In-line with critical realist ontology, they are of theoretical relevance as they could be considered as causal relations necessary for the character of the structure of housing provision (see e.g. Lawson...
necessary relations which develop as changing contingent factors influence the agency of MHCs. To conduct an analysis of such agency, it is in this paper argued that the political economy of public housing needs to be seen through the lens of the dialectics between structure and actor.

3. A Strategic-Relational Approach to Discretion and Path-Shaping

Studies informed and inspired by structuralist approaches have over the decades seen an increase in the broad field of housing studies, however, varied in their emphasis on actor versus structure-centred explanations. Competing and conflicting theories have emerged that debate, for example, the relative power of structures in housing systems over individual agency and the degree of awareness held by actors (Lawson 2012). Historical institutionalism (Bengtsson and Ruonavaara 2016; Pierson 2004) implicitly highlights the continuous relation between structures and the actors who create and mediate structures. Lawson argues for (2012) and illustrates (2006) the benefits of approaches based on critical realistic ontology (Bhaskar 1989), which aims to explain causal mechanisms by highlighting how contingent conditions enables or counteracts underlying powers. Lawson contends that social relations, material resources and discursive hegemonies are mediating the agency of housing actors and subsequently are casually effective for the development of structures of housing provision (See also Somerville and Bengtsson 2002).

While structuralist-inspired approaches have been successfully used for explaining divergent housing trajectories, it could be argued that there are fewer studies that consider the complexity of the structure-actor relationship at the local level and the potential of local relations to transform national housing systems. This paper employs the SRA to structure and actors, developed by Jessop (2005; elaborated with Sum 2013). In contrast to conventional theories of structure and agency, such as Giddens’ (1984) structuration theory, SRA is grounded in the “differentiated ontology” (Bhaskar 1989) of critical realism, treating both structure and agency as underlying powers which need to be actualized to be experienced empirically. Actors are treated as structured – agency is not predetermined but potentially constrained and enabled by structures. But as structures are made by relations, actors are also seen as structuring social relations – thus contributing to the reproduction of the social structure (Stigendal 2018; Jessop 2015). As actors and structures presuppose each other and are dependent on each other to become actualized, they must be analysed as a “dialectical duality” (Jessop 2005, 50), instead of – as Giddens suggest – studied by temporarily ignoring, “bracketing”, either structure or agency. This dialectic duality is central in the analysis of what SRA calls the strategic selectivity of structures.

3.1. The Strategic Selectivity of Structures

Social structures are regarded selective in their form, content and operation, meaning that a given structure may privilege some actors, some identities, some strategies, some spatial and temporal horizons and some actions over others. Correspondingly, the structures constrain actors depending on how they take account of this differential privileging. This selectivity – the combination of constraints and opportunities – depends on how different actors make the
structures. The actors’ underlying powers ideas, desires, interests and strategies are crucial to the appearance of the structural selectivity. Therefore, the selectivity is described as strategic. Actors make conscious and strategic choices depending on how they perceive the opportunities and constraints of structures, taking advantage of such opportunities through “strategic context analysis” (Jessop 2005, 48). As the structures are not predetermining the actions but should be seen as containing variations, there is always the certain discretion for the actors. How such discretion is used is of significance for how the actors maintain and reproduce the social structure. The outlook for reproducing a structure has to do with its path-dependency, meaning that a structure’s earlier development shapes and limits the future development due to the inertia of the structures (Bengtsson and Ruonavaara 2016). However, actors can use the discretion to challenge path dependency and thus change the structure, potentially contributing to path-shaping.

To explain the discretion of actors in relation to structural constraints and opportunities, SRA suggests a differentiation between four modes of strategic selectivity. It is first possible to talk about a strategic selectivity inscribed in social structures – a structural selectivity. The structural selectivity is seen as the on-going result of asymmetric relationships between interdependent actors within a structure and between actors. With their positions and roles within a structure, actors have different power in relation to each other and thus different discretion.

Second, the selectivity can be discursive, connected to how sense- and meaning-making limits and enables actors. In social structures, numerous discourses emerge which provide meaning for actors. But certain discourses are more powerful than others and thereby get larger effect – they provide what Sum and Jessop (2013, 215) refer to as asymmetrical constraints and opportunities in terms of who is authorized to enunciate something and what could be enunciated. This limits and/or extends the social relations in the structure – thus contributing to its alteration.

Third, selectivity can be technological, referring to how man-made technology transforms our surroundings and thereby also contributes to how social relations are formed (c.f. actor-network theory, e.g. Latour 1999). Sum (2015) develops a Foucauldian analysis of social technologies or “arts of governing” to a more all-encompassing account of technologies as technical and social forces and relations of production which “condition the appropriation and transformation of nature, create the built environment, and shape dynamics in different fields in the social and spatio-temporal division of labour” (Sum 2015, 215). For example, through property allocation and the character of housing construction, selectivity is created in terms of material opportunities and constraints in how social relations can be developed. But, according to the Foucauldian line of thought, technologies also provide governmental power for transforming nature. Tools connected to for example municipal property allocation, like manuals, calculation spreadsheets and maps, provide governing principles which become selective.

Finally, given that structures are made by actors, the selectivity of structures must always be linked to them: how the selectivity is done depends on the actors. Their wills, ideas and strategies constitute own inherent possibilities and limitations. Actors make strategic choices by taking advantage of the opportunities and constraints. However, how successful they are in doing so depends on their own underlying powers, which are crucial for their ability to “make a difference” (Stigendal 2018). Thus, agential selectivity refers to the “differential capacity of agents to engage in structurally oriented strategic calculation” (Sum and Jessop 2013, 217), as
some actors are more skilled in the arts of rhetoric and argumentation than others. Subsequently, agential selectivity implies that an actor can challenge a certain structure by doing something other than the other selectivities that seem to allow.

The combinations of structural, discursive, technological and agential constraints and possibilities come to have more or less performative power – they combine into what SRA refer to as imaginaries – semiotic ensambles, or meaning systems – which guide actors in their strategic calculation. Using concepts from evolution theory, SRA argues that, among a certain variation of such imaginaries, the four modes of strategic selectivity shape selection processes between imaginaries and influence the retention of a specific imaginary. Sum and Jessop argue that imaginaries enable a process from construas to constructions of the social world, for example how collective actors (such as MHCs) make decisions or engage in strategic action.

3.2. A Framework for Understanding the Agency within New Public Housing

While some studies have used SRA to analyse societal transformations at the international, state and local levels (Stigendal 2018; Sum 2015), there have been few – if any – attempts to apply SRA to housing studies. It could be argued that SRA with its foundation in critical realism has advantages over historical institutionalism and contrasts institutional isomorphism (Powell and DiMaggio 1983) as it highlights how institutions develop differently due to spatio-temporal contingent conditions and how such conditions affect actorial discretion. It could further help us understand not only how structures affect actors and vice versa (as Giddens suggest), but also how both agency and structures must be regarded as underlying powers, in need of actualization by its counterpart. Moreover, SRA’s modes of selectivity clarify the dialectics of structure, discourse and technology, showing how they combine into specific imaginaries, which guide actors in decision-making and strategic action. This could make it possible to contribute to a deepened understanding of the concept of discretion than studies relying on more reductionistic structuralist or social constructivist approaches.

Thus, when applied to housing, and perhaps especially public housing, SRA could serve as a useful tool for explaining how actors with dual demands on profit and social responsibility navigate in a diversified political-economic landscape. One downside of SRA is, however, that it operates on a high level of abstraction, which could explain the lack of attempts to utilize it. Accordingly, while SRA has potential to contribute substantially to housing research, there is an urgency to prove its usefulness on empirically grounded studies.

Hence, in the following section, SRA is operationalized by discussing how structural, discursive and technological selectivity in the structure of public housing favours a specific economic imaginary among MHCs, but also how such an imaginary is “done” and thereby can be questioned and challenged.

4. Selectivity, Discretion and Path-Shaping in New Public Housing

4.1. The Research Setting and Methodological Proceedings

The present research has employed a longitudinal study of mixed methods. Interviews with 59 representatives of a sample of 11 MHCs were conducted during 2013–2017, and some were interviewed several times. Interviews were transcribed and analysed
manually by the author. In addition, textual analysis of documents produced by these MHCs was performed. The sample was selected so as to represent the geography, size and local political majority of the national scene of MHCs. Moreover, a survey with all 300 Swedish MHCs was sent out in early 2014 with a response rate of 71%. The survey consisted of a number of questions on how the MHCs have reacted on the changes in legislation. All research data have been anonymized.

4.2. The Strategic Selectivity of New Public Housing – Forming a New Economic Imaginary

4.2.1. New Legislation – Introducing a New Logic and a Discursive Turn Towards Risk and Yield

Sweden is currently facing the largest housing shortage since the 1960s. National authorities have estimated that at least 600,000 new dwellings will need to be built in the coming 9 years, and the largest demand is for affordable dwellings. However, the initial response to the 2011 legislation on public housing illustrates that MHCs face challenges in contributing to this aims. The legislations’ increased demands on return on investment (yield) became a decisive factor that came to determine the direction of the MHCs’ actions regarding first, the rental policies, and, second, the construction of housing:

We are doing a review of our [rental] policies to find out what is reasonable in relation to [financial] risks as a result of the new legislation. (Survey response)

Given that we have to act according to business principles, it becomes almost impossible to construct new housing because the valuation of the new house in most cases is lower than the cost of construction, resulting in a direct write-down. As we need to act businesslike, it is difficult to justify such a financially bad affair. (Survey response)

According to the survey data, a majority of the MHCs were imposed with increased demands on yield after the change in legislation and 54% of the MHCs became bound by such increased demands in their everyday business. As the two MHCs are above the state, the demands have led to stricter rental policies and limited construction of new housing. It could be argued that the legislation’s novelty in terms of “businesslike return on investment” has introduced a new financial logic in the structure of public housing. In SRA terms, this logic has changed the selectivity of public housing. According to the interviews, financial officers and accountants, but also financial consultancy firms, have gained increased influence in the MHCs overtime. The influence of new actors has changed the structural selectivity and has also engendered a change in the discursive selectivity. Importantly, the “businesslike” yield stated in the legislation is not specified, which is why most MHCs have adopted norms and standards present on the real estate business. Such norms and standards are set by the financial consultancy firms, who perform estimated market value calculations of real estate properties, which result in figures of expected yield. Formulations from studied MHCs’ documents such as “...yield requirements have been validated by authorized property valuators...” and “The yield has been adjusted for the risks linked to the property where it has been deemed necessary” are examples of how norms in the real estate business form a discursive selectivity. The MHCs interpret the legislation through a certain discourse, which bears
the mark of financialization – the increased dependency of financial motives, financial institutions and financial capital in political economy of housing (See e.g. Aalbers, Loon, and Fernandez 2017). In such a discourse, “risks” and “yield requirements” become truths, enabled via the MHCs documents. Thus, it could be argued that the discursive selectivity is giving precedence to certain views of certain actors in the structure, which favour the selection of a specific economic imaginary and thus the specific actions before others.

4.2.2. Discourses Forming Technologies

The discursive selectivity, where the financial logic of risk-awareness is particularly stressed, could be further linked to a technological selectivity. The real estate branch norms become materialized in the consultancy firms’ calculations of market values and required yield. The results of these calculations are sold in the form of datasheets to housing companies (private as well as public) and are used as a benchmark for real estate business. For example, such a data sheet might state that the expected yield when buying or constructing property in a certain area of a city is 4%. Taking one of the studied MHCs as an example, a real estate property belongs to one of the three areas of estimated value, each with an estimated average yield expectancy based on the data bought from the consultancy firms. The areas are geographically delimited, thus called “locations”, and they are ranked according to “attractiveness” in descending order from A–C, with a corresponding required yield.

Looking at the number of apartment housing projects constructed by the MHCs during the years after the change in legislation (see Table 1), it is clear that the MHC built exclusively in the A and B locations. This need is also to be seen in the light of the property prices. Land is as a rule more expensive in more attractive locations, and EC competition law implies that municipalities cannot sell property to MHCs cheaper than to private investors. Nonetheless, the MHCs have increasingly invested in attractive (and expensive) locations. This strategy connects to the logic inherent in the real estate business – a logic based on risk assessment. “Risk” in this case means risk of vacant apartments in case of a surplus of housing. In times of a surplus, vacancies are predicted to first happen in areas with low attractiveness; thus, the financial risks for owning and constructing housing in such areas are considered higher than in more central and attractive areas. Such risks need to be compensated with a higher yield requirement; which means that the property should create a larger financial surplus to compensate for the financial risks. In prolonged logics, higher demands on yield mean that more insecure calculations for investments. Reaching the required yield is obviously harder in an area with a level of 6.1% than in areas with a required yield of 3.9%. This logic explains the figures of produced housing units. Despite higher property prices, it is financially risk-free and profitable to build housing in A locations, where the tenants are willing to pay considerably higher rents. Conversely, it is harder to turn a profit on

<table>
<thead>
<tr>
<th>Average required yield (2011–2014, %)</th>
<th>Constructed housing projects</th>
<th>Average rent/m²/year (EUR)</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>3.9</td>
<td>3</td>
</tr>
<tr>
<td>B</td>
<td>5.2</td>
<td>5</td>
</tr>
<tr>
<td>C</td>
<td>6.1</td>
<td>0</td>
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Table 1. Constructed housing by a MHC in different locations of a city 2011–2014.
construction projects in C locations. It is more difficult to reach the higher level of demanded yield, especially when the rents are expected to be lower than in attractive locations.

Interestingly, the table illustrates how most of the apartments are built in B locations, where demands on yield and rent levels are closer to C locations than A locations. There seems to exist a decisive line for profitable housing construction between yield rates of 5.2% and 6.1%. Nevertheless, the consequence of the technological selectivity introduced with spreadsheets of expected return is (continuation of) the lack of housing in the least central areas of this city. This rationale for building mainly in attractive locations becomes evident in interviews with executive and financial officers in MHCs throughout the country.

After the new legislation, as we work in a more businesslike manner, it is more difficult to produce new dwellings outside the urban area, where rents are often lower and the required yield higher than those in the central areas. (...) it is when we want to build outside the urban area that yield levels virtually make construction impossible. (CEO)

As such, technological selectivity becomes dialectically connected to discursive selectivity. The legislation is interpreted by the MHCs as if each single construction project must be calculated to reach the demanded yield. If not, the project is not regarded businesslike and should be avoided. The selectivity has to do with the actors’ ability to interpret. The governing technologies provided by tables and calculations encourage a certain interpretation and thus favour the selection of a certain economic imaginary.

So, we want to build in C locations too. But my opinion, since I came in 2011, is that part of the process stalled when [the MHC] could not figure out the model of calculation. (Chairman of the Board)

4.2.3. Limited Agency for Maintaining the Universal Approach?

As shown, the MHCs’ interpretations of the structural changes are basis for their actions. It could be claimed that the changed structure of public housing restrains the MHCs and limits their scope of action. Some examples can also be found of how MHCs use the selectivity in a certain way to motivate their decisions, which highlights how the selectivity becomes strategic. These could be understood as cases of agential selectivity. For example, a few companies use the legislation as an explicit rationale not to build in C locations despite political demands to build “for all citizens” and throughout the city. A CFO interviewed in 2014 was clear about this:

We have a directive from the owner and an expectation to build larger volume annually. (...) If we are to build in a C location, (...) it is more difficult to build and defend the value that it costs to construct the buildings (...). In these cases, we relate to the law. (CFO)

Judging from the results presented so far, the strategic selectivity of contemporary public housing seems to limit the MHCs’ ability to apply open rental policies and to build housing for others than those with financial recourses to live in more attractive areas of the cities. Such a development also potentially contributes to increased segregation, as the share of apartments in the lower rent segment in central areas of the cities decreases. One might argue that low-income households would normally not be able to acquire brand new apartments. However, when connecting the characteristics of new
housing construction with strict rental policies also in the existing housing stock, the results give evidence to the development of a more selective New Public Housing (Grander 2017), clearly not for the benefit of everyone. It is argued that this development could be explained by the changed strategic selectivity introduced with the new legislation and that such selectivity has dialectically favoured the selection of a certain economic imaginary among the MHCs – an imaginary based on the logics of a financialized economy – increasing the reliance on short-term yield calculations and estimated market values of real estate properties. This economic imaginary seemingly narrows public housing’s room to manoeuvre when it comes to maintaining “good housing for all”.

4.3. Diverging Paths – Actorial Discretion within New Public Housing

According to the results, most of the MHCs have become bound by the aforementioned economic imaginary. Their capacity as actors to engage in structurally oriented strategic calculation (Jessop 2005) seems to have become restrained, and by their current practice, they contribute to a social structure that is endangering the universal character of the housing regime, thus giving signs with a possible break in the path-dependency of the regime, contributing instead to path-shaping in a selective direction. However, some of the interviewees bear witness to how the imaginary can be questioned, challenged and even revoked.

4.3.1. Diversified Rental Policies

Returning to the case of rental policies, while the immediate reaction to the legislation was to engage in risk-minimizing modes of calculation, development after 2015 shows that the demands in some cities have been lowered or completely removed. All MHCs in the larger cities of the study have made such a shift. Several smaller MHCs have also changed their rental policy to approve tenants who are dependent on economic benefits. However, MHCs in nearby cities have raised their thresholds during the same time span.

How could such spatial and temporal variations be understood? In several cases, political decisions have forced the shifts, which connect the discretion to the municipality’s self-governance. This highlights the importance of understanding the scalar perspective of structure and agency. While the management of a MHC might have a joint understanding and strategy, the MHC as a structure also includes a political board with strong agency. Politicians may make decisions that impose changes on the MHC whether the management agrees with them or not. Such political decisions clearly alter the structure, limiting the actorial discretion for management to decide rental policies for itself. The survey data show that right-wing-governed companies were more likely to assign strict rental policies after the change in legislation than MHCs in left-wing-governed municipalities. In other cases, decisions by the management of MHCs have caused the turn. This is where the discretion of the MHC as an actor in the national public housing structure becomes decisive:

Interviewer: Did you reflect over the rental policies in terms of demands on business profit after the legislation was inaugurated?
Respondent: I think the legislation initially made us more prone to look at risks, but later when we really sat down and figured, we asked ourselves, is it really a valid connection to draw, the [connection] between a specific income and how likely one is to pay the rent? (CEO)

This representative from a small MHC illustrates how the strategic selectivity needs to be understood from a temporal perspective. The changed structure was initially interpreted in a certain way, with risk-minimizing as governing logic. The economic imaginary which now formed narrowed the discretion and possibly shaped a new path for the MHC, where raised financial barriers limited the universal approach. However, overtime, this imaginary has been challenged and negotiated by the MHC. Meanwhile in the neighbouring municipality with similar political majority, the economic imaginary has gotten firm grip and rental policies remain strict. In SRA terms, actors may make a difference due to their varied capacity for strategic calculation, here exemplified by their ability to negotiate certain imaginaries overtime. A rather substantial degree of actorial discretion is seemingly potential, despite the semiotic and technological constraints. It is, however, actualized in varied ways.

4.3.2. Diversified Strategies of Housing Construction

Regarding the construction of housing, similar examples can be found of variations in how the actorial discretion is being used. One of the 11 interviewed MHCs decided on a strategy, which enables the company to build in other areas than those most attractive. Simply put, the company figures that if the construction of new housing is calculated with a negative result implying a write-down, the company does not make the write-down if it is assessed below 10% of the estimated property value. This is motivated by stating that the MHC is a long-term owner, which needs to expand its time horizon for financial profit. Their experience is that write-downs are reversed in a relatively short time span, usually within 4–5 years. “We cannot expect that our constructions can recoup the first year, but we see it as an investment that is profitable over time”, says the company’s CEO. It is particularly interesting that this company has developed such a strategy through an alliance among the CEO, the CFO and the company accountants. “If the management’s visions are not shared by the economics, we won’t succeed with being a public housing company”, the CEO says. Such an alliance is seemingly expanding the economic imaginary of the MHC.

Another example of using actorial discretion among the interviewed MHCs is the engagement in so-called “pilot projects” – construction projects that do not add up financially according to the reigning yield requirements but claim to have “other values” which contribute to the overall positive development of the company or the city. One such project is a state-of-the-art apartment house with a “green” approach, built by a MHC in a B location. The new apartment house “innovative in energy, environmental, technology, culture, lifestyle and social community issues” has green roofs, solar cells and is qualified as a “passive” house. Most central here is a focus on farming and cultivation; thus, the apartments are not meant for the so-called common citizen, but rather environmentally conscious households interested in urban farming and having a rather well-defined lifestyle. The marketing copy for the project calls for “the young conscious consumer who wants to grow their own coriander (…) and enjoy a latte from
the café next door” – undoubtedly a different target group than the current population, which has an over-median age and under-median income level.

The project was planned for construction despite “substantial subvalue” as the company’s management argued that the project would attract attention to the area and thus makes it more attractive. The building is marketed as “urban acupuncture”, implying that an isolated project in an area of this character could revitalize the whole area. Such a development is argued to increase the market value of all properties in the area and is why the construction of the house could be argued to be businesslike despite not adding up in the initial calculations.

Positive consequences for the whole [area] are considered to weigh heavier than the additional expense, as increased attractiveness and safety in turn should increase the potential for rent increase, or alternatively, lower the market risk. In order to justify the under-return of the project, it would be required that the rents in [the area] increase by 1.5% (…) or that the market demand on yield will decrease by 0.2% (percentage points, author’s remark), which would reflect the business risk. The investment (…) shall be seen as a strategic marker for raising the status (…) for the whole area. (MHCs decision basis document for the housing project)

The MHC claims that projects like this are possible to engage in within the frame of the new legislation, as long as they do not “distort the market”. “It is quite possible and permissible to carry out pilot projects even if the calculations show that it will lead to an immediate write-down. But if we do it large scale, it affects the market negatively” says the CEO.

The pilot project is an example of a MHC negotiating the taken-for-granted norms regarding yield requirements and risk assessment in the real estate business. Thus, the MHC is expanding the economic imaginary and using the discretion to allow a housing project despite red figures in the calculation sheets, as it is considered to contribute to the overall business. However, it can hardly be claimed that it is used to contribute to the universal approach. The apartment house is clearly not an “ordinary” housing project. Via certain media, such as the copy found in the marketing materials, the universal character is evidently bracketed in this project. This is particularly interesting because this housing project is one of the few projects identified in the research that is calculated below market-value. Side-stepping the branch norms is seemingly less controversial when turning to wealthier consumers and emphasizing its aim to increase adjacent property values – bypassing financialization by financialization. It would not be far-fetched to draw a parallel between the strategy of “urban acupuncture” and public-driven gentrification. Thus, it is debatable if this kind of utilizing actorial discretion falls in-line with contesting the economic imaginary of public housing to contribute to the universal character.

However, other cases show that the discretion could be more widely used. During 2015–2016, production of new housing increased in B locations in several of the municipalities studied, and there are also cases of construction in C locations. In a follow-up interview in 2017 with the CFO who used the legislation in 2014 as an argument to refrain from constructing housing, it again becomes clear that the temporal perspective is of specific significance for the character of the economic imaginary:
When the new legislation was introduced, we had been tweaking our calculations and putting increased weight on the yield requirements. Since then, we have realized that it’s possible to interpret this differently, plus, the financial situation has changed. It’s not the same risk with the lower interest rate. Having money lying around is expensive – it’s better to build and own real estate. In general, we have moved away from the location factor, and instead, apply the same required yield throughout the city. We generally build for a target return of around 4% but sometimes down to around 3.75%. So, the location is less important. On the other hand, we make a difference on demanded yield between new constructions and existing apartments, as we have no maintenance needs for new housing.

(Interviewer): “Has this become a new standard in the real estate sector?”

Yes, if you look at the private companies, they also reason like this – and they can hardly make an investment with direct impairment needs. So why are they making these investments? Obviously, they are profitable. Then we, who are big and strong, cannot claim anything else. (CFO)

In the years that have passed since the legislation was inacted, the MHCs’ room for manoeuvring seems to have expanded. The MHC has made a decision to reject the idea of geographical yield differentials after several years of letting such factors be decisive for their production of housing. However, it is clear that the financial logic prevails – the CFO argues that it is more beneficial to invest financial capital in housing than to keep it in the reserves – a logic which private actors also follow. A similar viewpoint is made by an interviewee from a different company. As the housing market is “red hot”, the CEO argues that it makes no sense to talk about the risk of empty apartments. Thus, while the economic imaginary among these MHCs might be expanding, it is expanding on the conditions of contemporary financialized economy.

4.4. Which Path for Swedish Public Housing?

This paper has argued that a new economic imaginary has emerged in public housing as a result of the dialectic outcome of the strategic selectivity initiated by the change in legislation. Still, some MHCs have been able to contest such an imaginary. Why so different? SRA contends that actors have varied capacity for strategic calculation within the structural context. This paper illustrates how companies with a clear idea of long-term ownership, with firm principles of public housing as a “common good” and with such principles converted into strategies anchored in management, finance and accountancy are successful in identifying and expanding the discretion, despite the prevailing imaginary of financialized economy. However, the paper has also shown that such principles must be supported by local politics to be capitalized.

The results of this paper could be further understood in terms of what Sum and Jessop (2013) refer to as a process of the variation, selection and retention of construals and the path-dependency of public housing (Bengtsson and Ruonavaara 2016). The legislation from 2011 on businesslike conditions initially overturned the social and economic reality of MHCs. A variation of possible construals existed after the legislation was enacted. The selective process that followed resulted in a situation where discourses of “businesslike principles”, “risks” and “yield” took hold, thus introducing a financialized real estate logic within the structure of public housing. The selection between construals thereby favoured a specific economic imaginary,
which became materialized in stricter rental policies and the construction of housing mainly directed at middle- to high-income households. Thus, these initial findings on the effects of the legislation might lead to the conclusion that the new imaginary could signify a possible break of the path-dependency of the universal character of Swedish public housing. Until the changes in legislation, the MHCs could have been said to reproduce a certain discourse and thus the social structure they are part of – they contributed to the reproduction of the universal model following the path-dependency of Swedish public housing. However, the 2011 legislation and the associated change of economic imaginary have begun to dismantle the universal model. Instead of contributing to “good housing for all”, contemporary public housing is increasingly laying on ground for a more selective path-shaping process, as stricter rental policies and the characteristics of housing construction increasingly exclude low-income households – thus contrary to the more common selectivity of public and social rental housing.

However, such construal of a new economic imaginary has been contested by several MHCs. The ample discretion which exists within the scope of the MHCs’ actorial selectivity is used by some to negotiate an economic imaginary based on risk assessments and yield when setting rental policies and constructing new housing. Discretion can thus be used to maintain the universal character and challenge the potential break in path dependency; thus, returning to the beaten track. Therefore, the imaginary of financialized economy cannot be said to have reached the phase of retention in public housing – it has yet to go from construal to construction. What New Public Housing is and will become is a matter of negotiation.

5 Concluding Discussion

In this paper, the SRA has been used to illustrate how changes in legislation which apply to Swedish public housing have contributed to the emergence of a specific economic imaginary – an imaginary which in many cases has limited the MHCs’ room to manoeuvre when maintaining the traditional undertaking of supplying housing for the benefit of all. This imaginary has led the MHCs in a more selective direction, contributing to the hybrid characteristics of New Public Housing, as identified in previous research. The findings of this study contribute with the conclusion that MHCs albeit have ample discretion in the current political-economic landscape, but that they interpret and use it differently depending on their strategic abilities and local political governance. Whether this discretion is used or not has clear policy implications. The discretion of the MHCs identified in this paper must be seen in the light of a coherent national housing policy. The variation between MHCs reflects a national model of public housing which is not only hybridized but also highly variegated, implying that large differences exist between various municipalities when it comes to fulfilling the task of providing “good housing for all”. Where a MHC in one municipality that attracts mainly low-income households, the MHC in the neighbouring municipality caters primarily middle- to high-income earners. Thus, while the discretion might be enjoyed at the local level, it might stand in contradiction with aims at the grander scale. To paraphrase Milo Minderbinder in Joseph Heller’s Catch 22, what is good for the enterprise is not necessarily good for the country.
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