

CHANGING PLANNING BY DUTCH HOUSING ASSOCIATIONS - FROM SUPPLY TO DEMAND-DRIVEN AND FROM CUSTOMER TO AREA-DRIVEN STRATEGIC HOUSING MANAGEMENT

*A.J. van Overmeeren * & S. Zijlstra ***

* department of Real Estate and Housing, Faculty of Architecture, Delft University of Technology, P.O. Box 5043, Delft, The Netherlands, Email: a.j.vanovermeeren@tudelft.nl

** department of Real Estate and Housing, Faculty of Architecture, Delft University of Technology, P.O. Box 5043, Delft, The Netherlands, Email: s.zijlstra@tudelft.nl

1 INTRODUCTION

Housing associations in the Netherlands own and manage roughly one third (2.4 million dwellings) of the total Dutch housing stock. Thus, they are key players on the Dutch housing market, especially on the rental market. Their main task is providing dwellings to people who are not able to find a proper home themselves. Before the nineties, housing associations in the Netherlands were operating on a clearly task oriented base. Housing Associations were heavily subsidized and regulated. However, in the nineties of the 20th century housing associations became less dependent from the national government. In 1993 a new, less prescriptive regulatory framework (BBSH) was introduced and in 1995 housing associations became largely financially independent from the government. The BBSH was broadened in 1997 by adding ‘quality of life’ and in 2001 by adding ‘housing and care’ as fields of performance. Housing associations now have a large responsibility for the overall housing market, without getting detailed tasks from central government. The institutional position of housing associations shifted away from the state and moved towards the market and the society. In this position, as a private institution with public goals, housing associations are often regarded as social entrepreneurs [1, 2, 3]. In search for suitable ways of conducting housing management under the new circumstances housing associations adopted more commercial strategies [e.g. 4]. Market analysis and research, tenant satisfaction questionnaires are adopted from the commercial world. Deliberation with tenants and stakeholders generate insights about specific housing needs. Alongside these developments governmental policies were increasingly taking a territorial focus in areas with accumulated problems. Different areas became policy focal points and the term “area-based policy” came into fashion [5]. The strategic (housing) management shifted from task driven both towards “demand-driven” and “area-based”.

2 PROBLEM STATEMENT AND MAIN QUESTION

Since housing associations in the Netherlands are independent, non-governmental, non-profit, private organisations with societal goals and public tasks, decisions on their activities regarding their housing stock and related services lack a clear basis. Decisions are implicitly influenced by internal financial considerations by public goals, values and opinions [6], by customer demands and/or by neighbourhood characteristics.

What meaning does thus the term “demand-driven management” and “area-based management” have and what is their relation? In which way can housing associations structure their housing management that combines the different forces of government, market and society? Is there a way to combine demand driven and area-based housing management?

We will answer these questions by an analysis of the problem based on literature. First we will describe strategic housing management in general where after we address demand-driven housing management and area-based housing management. Main problems in both strategies are explained. Oppositions in the different strategies are elaborated and theoretically solved. The final paragraphs will suggest a housing management process containing both demand driven aspects as well as area based aspects in order to eliminate the existing problems.

3 STRATEGIC HOUSING MANAGEMENT

Larkin defines strategic housing management as “the range of activities undertaken to ensure that the housing stock meets needs and standards now and in the future in the most efficient way” [7]. Strategic housing management is strategic in the way that daily operational decisions are not included and that the strategy is valued as “integral” [8, 9] combining different aspects, such as technical and societal demands, of the housing stock in one strategy.

Several models for determining housing management strategies have been developed since the 1990s [9, 10, 11, 12, 13]. In general, these models have been derived from theories on and models for strategic business planning in which strategies for individual estates are derived from general portfolio objectives in a systematic, rationalized manner. According to Nieboer and Gruis [14] all models have the same general outline of analysis, formulating provisional policy options, testing (ex ante evaluating) these options (option appraisal), and formulating definitive options. Many models follow a top-down approach, in which general strategies for the development of the portfolio are linked to investment strategies for the individual estates. The existing models can be seen as part of the rational-analytical paradigm of strategy formulation within organizations [4].

Housing management results in a broad range of activities. How do housing associations decide which activities to assign to specific parts of their housing stock? Although the models assume a rational-analytical approach of decision-making, the activities do not always reflect the explicit ingredients of the model. In practice decisions of housing associations are often not a direct result of their plans, but of incidents at the neighbourhood level or of emerged opportunities [e.g. 4]. Nieboer [15] also notes that the most non-rational decisions in the models are found in the goal and strategy formulation. Gruis et al. [7] state that few housing associations follow a systematic approach towards the development of housing management strategies. Furthermore, they hardly formulate explicit and measurable targets for the development of their stock and they do not formulate a top-down investment strategy. According to Straub [16] a clear link between the strategic stock and the planned maintenance is lacking as well. The outcome is a result of emerging opportunities, politics, the preference of a manager or choice and (shared) control of the customer. The models leave a lot of room for implicit, non-rational choices. The strategies followed in practice differ from the formal strategies [4]. Gruis [17] also notes that on paper many housing associations already transformed to dynamic enterprises that are customer- and society-driven, but that there is a discrepancy between policy formulation and policy implementation.

If the rational-analytic paradigm does not suffice, the state and the market do not tell what to do, how can housing associations’ planners then decide on which actions to take regarding their housing stock? Since housing associations are non-profit and non-governmental institutions, decision-making on these subjects is not automatically based on democratic or profit principles, but is based on ‘rationales’ which can be:

- what (current and future) customers subjectively want and/or objectively need
- what is best for a specific area/ what improves the quality of a specific area
- what stakeholders agree on what is needed
- the vision of the board of directors of the landlord

We will focus on the first two rationales, as identified in the introduction: the customer and area based approaches. We will show that these concepts are not clearly defined yet, and have their drawbacks, and we will try to reconcile these two concepts.

4 CUSTOMER ORIENTED AND CUSTOMER DRIVEN STRATEGIES

Gathering information from the three different main actors (state, market and society) is rather limited to analysis and the actual participation in the decision-making is fairly absent. However, the importance of participation (in decision-making) and voice for the customers has been emphasized by different advisory boards [18, 19] as well as the government [e.g. 20] and scholars in the social entrepreneurship sector [2, 21]. However, the participation levels in policy and management of social landlords remain low. To tackle the lack of participation housing associations have developed a variety of so called demand driven housing management initiatives [22]. Gruis [23] distinguishes customer-driven and customer-oriented strategies. Customer-driven approaches give customers an explicit say in the decision-making of a housing association. Customer-oriented management is aimed at matching supply to demands of customer groups through

deliberation with group representatives (or stakeholders) while the housing association stays in control. We argue that a demand-driven housing management should combine the two approaches: leaving individual choices for each customer (customer-driven) and gathering the information on which products to offer and which strategies to follow from higher scale deliberations (customer-oriented). The latter can involve stakeholders or national policy input such as energy conservation. Control and choice for the customer, both individual and collective, is the most important aspect of the model. However, most initiatives that are called demand driven rather focus on individual choices than on higher scale involvement of tenant groups [22]. Several challenges are identified with participation and customer oriented approaches.

- Getting tenants or tenant groups involved is difficult since clear goals and (tangible, individual, short term) benefits of participation is unclear.
- Participation asks for specific knowledge and the ability to consider higher scale effects and objectives.
- Usually the representatives of the tenants are not a real representation of the tenants actually residing in the building block or area.
- Individual choices (customer-driven) may not limit nor interfere with higher scale choices (customer-oriented)
- To share control within a organisation, or with partners (stakeholders, customers) is difficult to arrange and it is difficult for the board to loosen the control [24]
- Involving customers or stakeholders asks for specific effort to go beyond daily nuisances.
- Working with other stakeholders and other actors asks for insight and understanding of the different objectives and positions.

Getting customers and stakeholders involved therefore asks for a match of interests and participation levels and for clear goals. The “area” might be the right aggregation level upon which different interests can be aligned and actors can be involved and incorporated.

5 AREA BASED STRATEGIES

Next to the importance of the customer, the spatial level of the area (neighbourhood) is gaining importance. Just as individuals and their dwellings are part of a market segment, they are part of an area. Areal characteristics influence the household and influence the (popularity of the) dwelling. When area characteristics (for example public services, transport and shops) change, then the features of the dwelling changes and it is likely that the composition of the households changes. The same accounts for changing the housing stock. When a policy measure is taken and as a result the stock changes, a change in neighbourhood composition might be expected. For example demolition and replacement of low price, low quality rental homes by high quality, high price owner occupied homes can lead to the influx of new people, not only in the newly-built houses, but also in the surrounding (existing) houses since the composition of the neighbourhood has changed. Such a change in the housing stock in one area, might also have an effect on other areas. This is known as the spill-over or displacement effect [25, 26]. In an area-based approach decisions are based on considerations on neighbourhood level. Activities originate from negotiations with different parties that have a stake in the neighbourhood, from analysis of social problems, technical quality and future market position of estates in a specific neighbourhood.

The challenges for an area-based approach are:

- to deal with all stakeholders’ interests in a fair and effective way
- to keep in mind the relationship with other areas (and with the housing association’s portfolio) and preventing displacement of problems to other areas (parts of the portfolio).
- to include other than rational-analytical approaches of planning, such as political, collaborative, social movement and incremental [27].

Within the demand-driven and area-based approaches conflicts of interests may arise. Individual households’ interests may interfere with the shared interest of all stakeholders inside or outside an area. The same accounts for the interests of stakeholders. However, a social entrepreneur is (in theory) capable of creating strategies that benefit society as a whole [28].

6 CONCLUSION

To unify area-based with demand-driven approaches of housing management of housing associations, it is important to clearly distinguish the level on which the analysis is made and the resulting measure is focused; the level of the individual customer or the level of groups of customers in an area. Furthermore, we signalled two different planning approaches: a rational-analytical approach and a deliberative approach. A rational-analytical approach can neglect important area characteristics, such as social ties, architectural value, existing relations and attachment to the area, but can objectively monitor differences between areas. The deliberative approach can neglect the area scale, aspects of collectiveness and financial or other business goals, when deliberation is with individual customers, but has the potential to fulfil the demands and wishes of individual customers. When deliberation is on a collective basis, a general problem is representation: will the representatives guard the collective interest without excluding or harm other groups?

To fence these pitfalls we suggest a two way strategy involving a broad representation of stakeholders (including tenant bodies) to work on area-based approaches and to set a general agenda for the strategies and products to deliver. This area-based approach aims to improve the overall quality (of life) of areas for all residents. A rational-analytical approach will only be used to identify specific attention areas and to objectively monitor and signal relative differences between areas. After the selection of areas tailor-made solutions should be based on the internal and unique characteristics of the area and thus involving tenants and stakeholders by sharing control over the strategy.

The customer-driven approach aims to improve choice and control of individual households and is concerned with the individual interest, the area-based approach focuses on the shared interest of stakeholders in a specific area, while the customer-oriented approach focuses on customer groups. It is the challenge for a housing association to get all the parties involved at the right moments and at the right levels. This challenge asks for a clear division in the approach they choose for different policy areas. This division should be based on an analysis of the different interests that are at stake. Housing associations should be clear about which interest is paramount and how this interest relates to other interests (does it conflict, what is the effect?). This asks for clear identification and involvement of stakeholders and for a good stakeholder analysis [29]. Working in clear scenarios can assist stakeholders and individual tenants in deciding a strategy [30]. A tool like the "outcome arena" [31] can play an important role.

We realize that some problems are not fully solved by our suggested approach. The analysis of the levels and domains remains at the housing association with the risk of repeating the goal, strategy and program formulation non-rational decision making. We notice that it is impossible to satisfy all. However, decision-making based on dialogue rather than majority, incorporating stakeholders in decision making as suggested along the lines of "participatory" or "interactive policy making" [32] could eliminate this problem even further. Sharing power with others seems naturally difficult and asks for loosening grip.

Finally, the institutional position of the housing associations is on debate. Embedding the demand-driven approach in the area-based approach could strengthen the disputed position of the social entrepreneurs we call housing associations. With this strategy, it should be difficult for public opinion or the government to disagree upon the followed strategy, and thus should put an end to the discussion on "who controls the housing associations".

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