



## Comparing Local Instead of National Housing Regimes? Towards International Comparative Housing Research 2.0.

Joris Hoekstra

Delft University of Technology, Faculty of Architecture and the Built Environment  
Department of Management in the Built Environment

[j.s.c.m.hoekstra@tudelft.nl](mailto:j.s.c.m.hoekstra@tudelft.nl)

**Abstract:** *This paper makes a plea for a new form of international comparative housing research, in which not countries (national housing regimes) but cities or regions (local housing regimes) are the unit of analysis. Why do we need such a new comparative research approach? How can a local housing regime be conceptualised? By answering these questions, the paper attempts to lay the conceptual foundation for international comparative housing research 2.0.*

**Keywords:** comparative housing research; national housing regime; local housing regime.



## Introduction

Most international comparative housing research attempts to explain differences in housing policies or housing outcomes (e.g. affordability, housing quality, housing satisfaction) between countries. Information on these policies and outcomes is collected at the national level, and the national welfare or housing regime tends to be seen as the main factor explaining the international differences that are observed.

A ‘national bias’ is also strongly visible in the field of theory development. The leading theoretical frameworks in comparative housing research are the so-called divergence theories. These theories attempt to strike a balance between generalisation, on the one hand, and attention to difference, on the other. They assume that social systems and outcomes are context dependent, but that general factors within national contexts allow for a degree of generalisation (Hoekstra 2010). This generalisation process often results in the construction of typologies of countries. Examples of relevant divergence theories in comparative housing are the often used theoretical frameworks of Esping-Andersen (1990),<sup>1</sup> Kemeny (1995), and Schwartz and Seabrooke (2008), as well as the recently developed housing finance framework of Blackwell and Kohl (2018). All these theories work with typologies of national housing regimes, thereby assuming that the type of housing regime has a strong influence on the housing outcomes that can be observed.

In this contribution, I challenge the dominance of the national level in comparative housing research. I argue that as a result of both international processes and developments within the state, the nation state is to some extent ‘hollowed out’. As a result of this hollowing out, both the global level and the local level are gaining prominence (see also Aalbers 2015: 46). Although these trends are certainly not novel, they have not yet had a strong impact on international comparative housing research, in which the nation state remains the dominant unit of analysis. Therefore, it is my strong contention that there is a need for a new comparative housing research approach in which not nations but cities and/or regions are the primary unit of analysis: international comparative housing research 2.0. In the remainder of this contribution, I will substantiate this argument.

## The hollow state and its relevance for housing

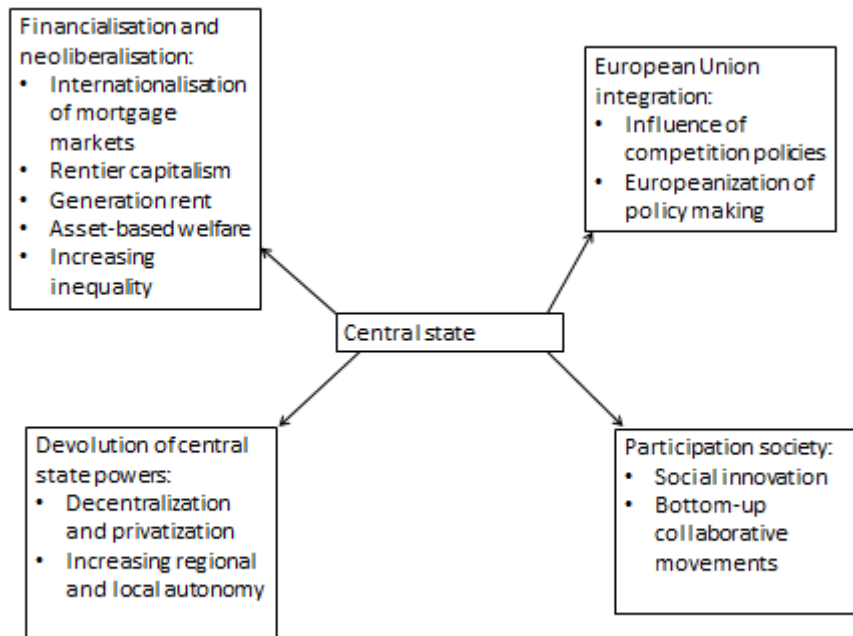
In this paper, I define a hollow state as a nation state that is losing power on both the supranational level and the intra-national level (Figure 1). This figure is tailored to European Union countries. It should be noted that within this group of countries, the impact of the mentioned factors will differ depending on, among other things, the openness of the economy and the national political structure.

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<sup>1</sup> It should be noted that Esping-Andersen’s theory does not include housing. However, various housing researchers (e.g. Matznetter 2002; Hoekstra 2010) have ‘translated’ Esping-Andersen’s work to the field of housing.



**Figure 1: Factors that ‘hollow out’ nation states and their relevance for housing**



Source: Author.

## International Developments that ‘hollow out’ EU Nation States

An overarching international development that ‘hollows out’ the nation state is globalisation. Due to global economic, cultural, and political integration, nation states are increasingly limited in their ability to determine their own future. To varying extents, all housing regimes in the developed world are subject to the pressures of financialisation and neoliberalisation (Aalbers 2015, 2016; Maclellan and Miao 2017; Clapham 2019). Moreover, the housing regimes of European Union countries are subject to European Union integration.

### Financialisation and neoliberalisation

Financialisation implies that housing and mortgage markets increasingly function on a global scale, thereby making national housing markets more volatile. Housing is increasingly seen as a generator and accumulator of wealth; it is not only a consumption good but also an investment good. There is a rise of so-called *rentier capitalism* (Clapham 2019); both firms and individual people increasingly invest in rental housing (buy-to-let) and tourist accommodation in order to make profits from both rental yields and house price appreciation. Combined with gentrification, rentier capitalism has transformed the character of many urban neighbourhoods. House prices and rents go up and large parts of the city become inaccessible for young adults and middle-income people (Hoekstra and Boelhouwer 2014). Consequently,



home-ownership rates are decreasing, and a so-called *generation rent* is currently entering the housing market (McKee et al. 2017).

Given the dominance of a neoliberal free-market ideology in welfare and housing policy (Clapham 2019), national governments generally take little action to counter these trends. Neoliberal policies have led to more flexible labour markets and less social protection, resulting in the rise of the precariat (Standing 2011): a rapidly growing group of people who live in insecurity and have very few housing options.

The combined effects of financialisation and neoliberalisation also result in the increasing popularity of asset-based welfare (Prabakhar 2019; Elsinga and Hoekstra 2015). Homeowners increasingly use their housing wealth for welfare purposes, such as helping their children, buying health care, or supplementing their pension. Asset-based welfare results in more intergenerational transfers and stronger emotional and financial ties within multigenerational families (Deng et al. 2018) but also leads to growing inequality and social stratification (Elsinga and Hoekstra 2015).

The growing inequality also has a geographical dimension. Housing affordability and accessibility problems are particularly salient in the cities and the economic core regions of countries. In the more peripheral parts of European nation states, the dynamic is often completely the reverse. These regions tend to suffer from a shrinking population and lack of employment. On the housing market, this may result in stagnating or declining house prices and an increase in vacancy rates.

## **European Union integration**

Increasing European Union (EU) integration has a strong influence on many aspects of the welfare state, including housing. For example, the social rental markets of both Sweden and the Netherlands have been substantially reformed, thereby losing some of their unique characteristics, as a consequence of EU competition regulations (Elsinga and Lind 2013). Currently, housing is not seen as one of the core competences of the EU, but there are increasing calls to establish an EU-wide housing policy. In the near future, some form of housing policy harmonisation across EU countries seems likely. In this respect, the domain of housing might follow the domain of spatial planning, where substantial Europeanisation of policy-making and design has already taken place (Dühr et al. 2007). At the same time, Brexit and the rise of nationalist parties in several European Union countries indicate that there is strong resistance to this trend. The future will tell whether European policy integration will continue unabated.

## **Intra-national developments that 'hollow out' the nation state**

### **The devolution of central state powers**

In the literature on public administration, a hollow state is defined as a state in which public services are not provided by the central state itself but rather by private firms, decentral governmental agencies, or non-profit organisations (Milward and Provan 2000). According to this definition, since the 1980s many nation states have been significantly hollowed out. This is related to (neo-liberal) ideas about efficient public governance and administration. It is



considered cheaper, less bureaucratic, and more flexible if welfare services are provided by local/decentral government agencies and third parties, rather than by the central state itself. Such tendencies towards privatisation and decentralisation are also clearly visible in the provision of social housing. In many places, the central state has withdrawn from social housing provision and significant parts of the social rental housing stock have been privatised. Nowadays, social housing tends to be provided by private non-profit housing associations, local authorities, or sometimes, for example in the cases of Germany and France (intermediary housing), even private parties (Haffner et al. 2009). Local providers of social rental housing usually operate within a given local housing market context and have a significant amount of autonomy from the central state.

This does not mean that nation states no longer matter. Constitutional housing rights, rent regulation, tenant security, as well as most subsidy arrangements, are often still the prerogative of the national government. But changes have been taking place in this respect as well. In various countries, national welfare states have been transformed into so-called multi-level welfare states (Ferrara 2005; McEwen and Moreno 2005). In such multi-level welfare states, regional or local governments attempt to implement social policies in domains that are not covered by the EU or by national governments. This welfare policy-making at the local and regional level particularly takes place in countries with a federal or non-centralist political structure and in localities that are relatively affluent and/or have their own strong identity (Vampa 2016). In the field of housing policy, the concept of multi-level welfare states is relevant as well. For example, in the United Kingdom (Stephens 2019), Germany (Haffner et al. 2009), and Spain (Dol et al. 2017), many housing policies are formulated at the regional level.

Not only regions but also cities may develop their own housing policies. As indicated earlier in this paper, many big cities suffer from serious affordability and accessibility problems. Wetzstein (2017) even speaks of a global urban affordability crisis. In response to this crisis, various big cities have developed their own specific housing policies. For example, the city of Berlin is developing plans for a five-year rent freeze in the private rental sector, whereas the city of Barcelona has strongly regulated the tourist accommodation sector. These developments correspond to the vision of political scientist Benjamin Barber, who states that (the mayors of) big cities are more feasible actors for solving the problems of the world than nation states (Barber 2013).

### **The participation society and social innovation**

As well as regional and local governments, civil society is increasingly taking matters into its own hands. The 'Big Society' or participation society are ideas that are gaining currency across Europe (Kisby 2010). References are being made to a society in which people take responsibility for their own life, as well as for the local community they live in, without relying on state support. Indeed, many recent social innovations are initiated by private non-profit actors (NGOs, social entrepreneurs, community groups) that are not connected to the state (Garcia and Haddock 2016). In the field of housing, this trend is reflected in an increasing interest in collaborative forms of housing provision and management, such as co-housing and housing cooperatives (Bortel et al. 2019). Although such initiatives are often very local and idiosyncratic in nature, they can be found in almost every European country.



## **Towards a new form of comparative housing research**

Based on Section 2, I conclude that the nation state may not always be the optimal unit for international comparative housing research. After all, many determinants of housing developments have an international rather than a national dimension (Section 2.1). Moreover, the responses to these international developments are often formulated at the regional or local level rather than the national level (Section 2.2). Taking this into account, I propose a new form of comparative housing research in which the international, the national, and the regional/local level are firmly related to each other, and the latter level functions as the unit of analysis. In this way, the geographical differentiation in housing outcomes is adequately captured and justice is done to the various (policy) responses that are formulated and implemented at the regional/local level. The exact demarcation of the unit of analysis (region, province, city?) depends on the institutional capacity of the entity concerned. In my opinion, an administrative area can only be a relevant unit of analysis in international comparative housing research if it has a local housing regime with sufficient capacity to have a real impact on local housing outcomes.

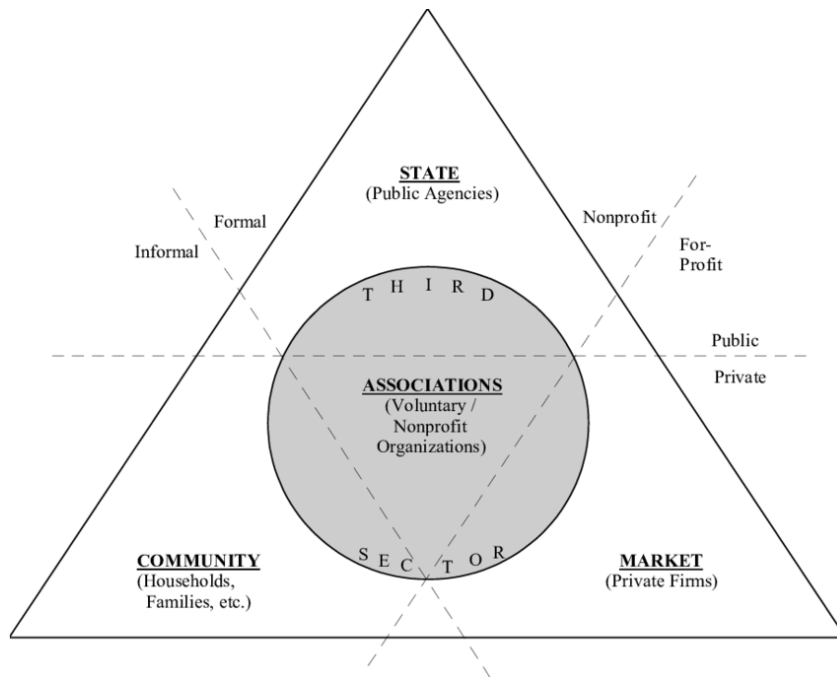
### **Local housing regimes and local housing outcomes**

#### ***The local housing regime***

In this paper, I define a local housing regime as the configuration of actors that is responsible for the provision, regulation, allocation, and consumption of housing in a particular administrative entity (a city or a region). In my opinion, the Pestoff triangle captures the essential nature of a local housing regime (see Figure 2). The distribution of power, tasks and competences between the actors in this triangle ultimately determines what housing policies are developed and what housing outcomes can be observed.



**Figure 2: The Pestoff triangle**



Source: Pestoff<sup>2</sup>

**Housing outcomes**

As indicated above, I propose using the (city) region as the primary unit of analysis in international comparative housing research. The housing regime of a (city) region is formed by the specific local configuration of housing actors, as per the Pestoff triangle. This configuration will have a substantial influence on the so-called housing outcomes that will be observed. I define housing outcomes as a set of indicators that describe the housing situation in a particular area. Housing outcomes may refer to the classic objective indicators of housing quality, housing availability, and housing affordability, but also to subjective indicators relating to housing satisfaction and life satisfaction. Housing-related capabilities and functionings (Kimhur 2020) and tenure security may be taken into account as well.

Nowadays, many comparative housing researchers derive housing outcomes from micro-level databases such as EU-SILC (European Union Statistics on Income and Living Conditions) or EQLS (European Quality of Life Surveys). However, these databases use countries as the unit of analysis and generally don't allow for any meaningful regional or local subdivisions to be made. There are some housing indicators available on the city level (Eurobarometer, global urban house price and affordability indicators), but they only cover a limited number of cities and housing aspects. Thus, data availability and comparability may be both a problem and a challenge for international comparative housing research 2.0.

<sup>2</sup>Multi-stakeholding and Local Economic Democracy - Scientific Figure on ResearchGate. Available from: [https://www.researchgate.net/figure/The-Third-Sector-in-the-Welfare-Triangle\\_fig1\\_265236080](https://www.researchgate.net/figure/The-Third-Sector-in-the-Welfare-Triangle_fig1_265236080) [accessed 30 July 2019].

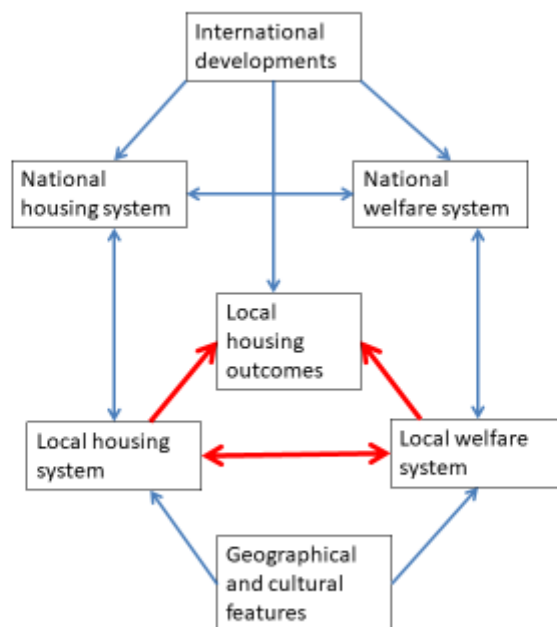


**Analysing dynamics in local housing regimes**

Local housing regimes are largely subject to similar external forces, but they have some degree of freedom in choosing a response to these forces. The local response that is formulated depends on the local configuration of actors (the position of a locality in Figure 2) and on the power relations between those actors. Which actor is the most powerful? To what extent do the various actors co-operate or compete? What is the role of politics and key persons? Since power configurations tend to be the result of long-term processes, the application of a historical perspective using the path-dependency approach (Bengtsson and Ruonavaara 2010) may be useful when analysing local housing regime dynamics.

It is important to note that local housing responses are not formulated in isolation. They are constrained by international developments as well as by the national welfare and housing regimes in which the local housing regime is embedded (see Figure 3). Depending on the strength of the national welfare and housing regimes, local housing regimes may be seen as variations or subtypes of the national regimes or as autonomous local regime types. Furthermore, geography and culture matter as well. In my opinion, the broader institutional and cultural context (the blue lines in Figure 3) should always be taken into account when analysing local housing regimes.

**Figure 3: A new framework for comparative housing research**



Source: Author.





## Conclusion

In this paper, I have made a plea for a new form of comparative housing research in which (city)regions, not nations, are the primary unit of analysis. I have developed a conceptual basis for what I call international comparative housing research 2.0. I hope my contribution inspires comparative housing researchers to extend their attention from the national to the local level, in empirical terms but certainly also in theoretical terms. As far as theory is concerned, it is important to note that the approach that I propose is not a theory in its own right. It is a conceptual framework that can function as a starting point for the further development of theory on local housing regimes.

Finally, I would like to stress that it is not my intention to replace one form of international comparative housing research with another. I argue for complementarity rather than for subsidiarity. National contexts remain very important and should always be taken into account in international comparative research. My point is that researchers should not stop at the national level. Beneath this level, large and increasing differences in housing policies, housing institutions, and housing outcomes are often hidden. It is important to get insight into these differences, not only from a scientific point of view but also from a societal point of view. After all, the day to day (housing) experiences of people are strongly influenced by the local housing regime in which they live.



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