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# **Social enterprise in the Dutch property market**



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## **Social enterprise in the Dutch property market**

### **Abstract**

The term social enterprise has been used in the Netherlands since the early 1990's. It refers to a new orientation of non-profit organisations whose aim is to respond to social needs through the provision of goods and services. Social enterprise stands for a stronger focus on the variety that exists within consumer demand as well as the quest to meet this demand in a more entrepreneurial - and to some extent more commercial - way, and is an expression of the desire of such organisations to set about achieving their mission with less dependence on the state, within a publicly determined general framework. The transition envisaged by social enterprise calls for social entrepreneurs themselves to adopt new strategies, as well as to redefine their relationship with the state. The first purpose of this paper is to explain the remit and significance of social enterprise, and to highlight both the attractiveness as well as the problems of the concept.

This is followed by a review of some of the ways in which providers of care and housing associations deal with the land and property they require to carry out their business within the Dutch institutional context. The indications are that in order to fully reap the potential benefits of social enterprise, the institutional context within which it operates is in need of some adaptation. In conclusion, a number of issues for further research are formulated.

This paper is an adaptation of the inaugural address delivered on acceptance of the appointment of Professor of Social Initiatives in the property market, in the Faculty of Management Science of the University of Nijmegen, on Friday 28<sup>th</sup> March 2003 by George de Kam.

The special chair of Social Initiatives in the property market – the English paraphrase chosen to represent the Dutch “Social Entrepreneurship using land and building sites” – has been established by the Foundation for Social Location Development, a joint initiative of Aedes Association of Social Housing Associations; and Arcares, the umbrella organisation for nursing

and care providers. The chair has been established at the Nijmegen School of Management of Radboud University Nijmegen.

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## **PART I**

### **Social enterprise**

What constitutes social enterprise? ‘Social’ refers to society and in a narrower sense to the actions and measures available to people who find themselves in challenging socio-economic circumstances.

Social needs arise when external influences - for instance floods - or internal influences - such as health risks and social unrest - inflict (potential) damage on a group of individuals.

Society’s interest in responding to these and many other needs is a powerful incentive in the development of the state. The government takes on the ultimate responsibility for a number of social concerns, which we refer to as “the public interest.”

In the Netherlands, social and public interests are served in a variety of ways. Whilst the government itself provides some of the goods and services, these have traditionally been supplemented to a considerable extent by non-stately forms of ‘self-organisation’ such as guilds, public service corporations and other charitable or voluntary organisations like the Church, as well as informally, by home carers and patients’ relatives. All of these fall in the domain of what we refer to nowadays as the ‘civil society’, the voluntary association of citizens (Edwards 2004; Anheier 2004: 3-6). Lastly, there are also the not-for-profit service organisations, including the non-commercial care providers, and housing associations. Although these not-for-profit service providers often have their roots in civil society, they have, by and large, lost that character. The most important factor underlying this has been the increasing state involvement spurred by the needs of post-World War II reconstruction, and the subsequent emergence of the welfare state, In the field of housing – either with or without care - this increased state involvement resulted in a supply-driven system, heavily dependent on public finance. And looking at the economy in general, expressed in a percentage of the labour force, the Netherlands acquired the largest non-profit sector in the world (Burger et al. 1997; Burger 2001).

Like in many other European countries, Dutch welfare state programs are in a stage of reform. (Van Waarden, 2003). The purchasing power of the Dutch has generally increased. They now want to make their own choices and decrease their dependence on collective arrangements. This

is one of the reasons why reducing government involvement and a stronger preference for the operation of market forces are on the political agenda. No longer are the government and its politicians naturally assumed to chart the course and play a primary role. (Frissen 1999; Frissen and Van de Donk 2000). Like in many other European countries the needs of the 21<sup>st</sup> century society and the best way to accommodate those needs are due for re-assessment (Van Waarden, 2003).

During the last ten years of the Dutch debate on the future of the provision of social goods and services, the term 'social enterprise' has started to play a significant role. It seems to be the final outcome of the search for a new concept of organisation and management of the non-profit sector (de Waal 2000). What exactly do we mean, then, by social enterprise?

### **The moral dimension**

In the early years of the short history of the Dutch concept of social enterprise many authors have emphasized the aspect of civil duty. "Social entrepreneurs are individuals or groups who develop initiatives in response to a sense of civil duty..." (de Waal et al. 1994). The connection with civil society is clearly recognisable here; it is the moral dimension of social entrepreneurship. In the view of authors from this period this moral dimension expressly distinguishes social enterprises from the mainstream of large non-profit service providers which are essential to the functioning of the Dutch Welfare state. These 'intermediate' (Or 'corporatist', Van Waarden 2003) social and political interest groups and organisations - referred to as the 'social middle ground' (in Dutch: 'maatschappelijk middenveld') are regarded as synonymous with 'the government'. As government has taken charge here, the social support base for these groups and organisations has declined. And in contrast to these organisations the introduction of the concept of social enterprise would represent a certain revival of civic inspiration.

### **The institutional dimension**

It are, however, precisely those 'social middle ground' or third sector organisations that have taken up the concept of social enterprise in order to pave their own way to greater independence from the state. Given the difference in the actual institutional characteristics of the various types of these not-for-profit service providers, two separate perspectives on governance are developing

here. From the perspective of the providers of care for example, it is important to break with the history of government control, and to claim the freedom to attract private finance and to add more commercial services to the range of their activities. The other perspective is that entrepreneurship is key and should be cherished. This view is very popular in Dutch social housing associations' circles, where people talk of "entrepreneurs who fulfil a social function but are not government or quasi-government, yet are neither commercially driven organisations." (ten Cate 2000). As will be demonstrated below, entrepreneurship is such an important issue to housing because their financial ties with government have been cut in the mid-nineties.

### **Provision for fundamental human rights**

So in my observation the institutional aspect - rather than the moral dimension which was highlighted in earlier publications about social enterprise - has received the most attention, especially from the earlier mentioned 'social middle ground' organisations. And each different type of organisation in this domain – such as care organisations; housing associations; and also educational institutions – tends to mould the concept of social enterprise to its own needs, which stem from its particular history and current position. In this turmoil, the very definition of social enterprise is contested. In 2003 however, a major group of institutions joined forces in the production of a manifesto on social enterprise. They agreed upon the following positive and broad definition: "Social enterprises operate within the market, while at the same time using their resources to serve society." (Toonen et al., 2003.) The mission range of these enterprises stretches beyond the public domain: it is described in general terms as targeting "social interests; society", and refers more specifically to serving – out of a sense of individual responsibility - the social needs which flow from the fundamental social rights as laid down in the Dutch Constitution and in international agreements.

These refer to the civil rights that oblige a government to provide its citizens with a basic level of education, housing and health care.

### **Motivation a plus**

By linking a sense of individual responsibility of the management to the provision in fundamental social rights the manifesto brings civil duty into play again as a powerful impetus for social enterprise. As mentioned previously, civil duty has been a crucial element in the emergence of

non-profit organisations, and has appeared in the earlier definitions of what constitutes social enterprise. This motivation can be transformed into a specific strategy and management style that provides an outlet for the underlying idealism and inspired business acumen. As Toonen et al (2003; 13) put it: ‘Social enterprise strives towards a professional, enterprising and creative approach of problems in society’. The term social entrepreneurship has actually been referred to as an “upper stream” (ten Cate 2000) and as a “sobriquet” (Roosekrans 1997).

However, although these are indeed important moral aspects of social entrepreneurship, I believe that it is rather the institutional aspects which should determine whether or not an organisation is in fact a social enterprise. In my view, differences in working methods and operating styles - as well as the effect they have on the corporate image of an organisation: noblesse oblige! – are important elements of the strategy and competitive strength of individual social organisations; but they are not the criterion to use when determining whether an individual organisation is a social enterprise or not.

### **A definition of social enterprise**

Taking into account the Dutch institutional history of non-profit providers of housing, care and education, I have arrived at the following definition of a social enterprise:

*A social enterprise is a private organisation, whose stated mission is to deliver a service which provides for a fundamental social need, carrying out this core task in a business context, and deriving part of its income from commercial operations.*

In this definition the mainstream of Dutch social enterprises would not fully comply with the criteria for being a non-profit organisation that have been elaborated in the well-known international Johns Hopkins research project.<sup>1</sup> Many of them being large service-providers, they fail to meet the criterion of voluntarism.

Yet another distinction is, that Dutch social enterprises cannot be described in terms of the French and German inspired concept of the Social Economy.(Borzaga & Defourny, 2001) For one of the highly valued key aspects of the Social Economy is its democratic governance (or member-control), which by no means is self-evident in Dutch social enterprise. This is reflected in the fact that the examples of institutions of the social economy given by Dutch authors in

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1           <sup>1</sup> The elements of the definition of a non-profit organisation in the Johns Hopkins (Salamon & Anheier, 1997) project are that it is formal, private, self-governing, involves some level of voluntary contribution and does not distribute profits.

international publications always refer to the smaller-scale civil- society-like initiatives. Mainstream Dutch social enterprises seem to keep their distance from the Social Economy. In some respects that is a pity, because they could learn from experience representatives of the Social Economy have with the interaction with stakeholders which is of vital importance to social enterprises as well.

### ***Social enterprise and Corporate Social Responsibility***

In order to fully grasp the concept, it is important to distinguish between social enterprise and corporate social responsibility.<sup>2</sup> The latter refers to organisations which, beyond their profit motives and the safeguarding of their own continuity, have a deliberate and structured approach to the long-term care of their employees, the environment, and the local community; to maintaining excellent client and supplier relationships; and to carrying out their business in due respect of all the relevant rules and laws. Corporate social responsibility is often described in terms of the triple P bottom line: People, Planet and Profit.

### **Social enterprise neglects Corporate Social Responsibility: missed opportunities**

The Brent Spar incident is one out of many examples of the direct significance of corporate social responsibility: not only to society, but also to the positioning of organisations – or whole sectors of the business community -, as well as to the loyalty and motivation of their employees. This would in fact apply just as much to non-commercial organisations, and some very recent reports on Dutch social enterprise take this for granted, or even suggest that these organisations should do more about CSR-issues than commercial organisations. (Dijstelbloem et al. 2005; SER 2005; CDA 2005) But in this respect the Dutch protagonists of social enterprise are not with the front runners. The Sector Code for Social Enterprise formulated by Toonen c.s. (2003) does state that social entrepreneurs should adopt an ethical code. Otherwise, it only mentions that the social entrepreneur should always be led by the needs and interests of his customers (ibidem, p.63): In terms of the relationship with other stakeholders, the guiding principles relate only to the actual service provided by the organisation, not to the wider context of the triple P bottom line

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<sup>2</sup> As the reader may know there is a vast literature on Corporate Social Responsibility, such as Andriof & McIntosh (2001); Kaptein (2002); European Commission (2004), including the critical review of the concept by Henderson (2001). Research findings on the attitude of Dutch business-leaders towards CSR have been reported by Cramer (2003).

mentioned above (ibidem, p.25). Indeed, the Sector Code of the Social Housing Associations (one of the founding members of the Code of Social Enterprise) – delves into long-term, environmentally friendly building, (Aedes, 2002) but this should be regarded as an interpretation of their specific social mission, rather than a ‘Planet-point’ for the other aspects to the way they carry out their business.

Although several individual leaders of social enterprises do apply principles of CSR in their activities, we must infer from the above that the Dutch social enterprises collectively do not present a strong case for their positioning as socially responsible enterprises. I view this as a missed opportunity, both from the perspective of the direct effects caused by such enterprises; as well as the image-building and support base of these organisations.

### **Polarities and strategic options in the current debate on *social enterprise***

Clearly, Dutch institutions are investing in the concept of social enterprise. Following on from my definition of what constitutes social enterprise, I now want to look into the positioning of social housing and care organisations along the public-private continuum. This will also provide the opportunity to identify some of the current issues relating to the concept of social enterprise. In part, these have a political slant: the social enterprise concept appears to fit comfortably into Dutch Christian Democrat thinking and policy formulation – for example by de Hoop Scheffer (1999) and Balkenende (2000) who have outlined a general framework within which social enterprises could operate. Building on this, yet another Christian-Democratic study has suggested a special legal status for social enterprises, which should regulate several aspects of their governance and accountability. (CDA 2005). Left-of-centre, the Third Way certainly ties in with the idea, although there is obviously more concern here about the government’s ability to ensure that social enterprises actually fulfil their social obligations (van der Meer 2001). And in liberal thought too a benevolent attitude towards social enterprise can be observed. This seems to be fuelled by the promise of greater consumer choice and the potentially higher efficiency in provision of services, as well as by the prospect of the transfer of financial burden from the public to private budgets. On the other hand, liberals are very critical of the effect that special conditions for social enterprises may have on competition with commercial providers of goods and services.

In an institutional framework, social enterprise is positioned somewhere in between public and private, and is often referred to as a 'hybrid organisation'. Toonen c.s. (2003) establish that the terms public and private are relevant in various disciplines when positioning social enterprise along the public-private continuum. The authors identify five key elements of this hybrid status: the legal foundation; authority; finance; regulations; and use of resources for social ends. I wish to comment on three of these elements.

### **Private organisations and social responsibility**

From a legal point of view the social organisations that provide housing and care – the subject matter of this paper – are private organisations; thus having an ideal basis for entrepreneurship. However, this makes it more difficult to dictate or direct the use of resources towards public ends, than it would be in the case of a governmental task organisation. We have already seen that social enterprises wish to impose self-discipline through codes of conduct. Are these sufficient, however, to safeguard the public interest (Plasterk 2001; de Haan 2001) and, if not, is it possible to develop a more institutionalised form of self-discipline?

Social enterprises have no shareholders; hence accountability is not easily put into practice (de Kam 2003). Who should the internal watchdogs be accountable to? Can they put up a strong enough case to management for the social interests which the organisation is supposed to serve? (Van Dijk et al. 2002; Van der Moolen 2002). According to a recent thesis, current management opinion in the housing associations and Public Housing inspectorate, is that external inspection should mostly complement internal 'self-policing'. According to the author, this is questionable, however. The internal watchdogs first and foremost act as sounding boards and advisors to the directors; therefore their interest differs from that of the external inspectors (Hoogendoorn 2002, p.287).

### **The public-private finance mix**

Social housing associations and housing plus care organisations each occupy a vastly different position along the public-private finance continuum. Although both are financed with private capital, with favourable financing conditions being created through the backing of guarantee funds, there are significant operational differences. As mentioned above, in 1995, all subsidies

for new social housing were abolished in the Netherlands. (VROM, 1997; Ouwehand & van Daalen, 2002). A few years later, the government repealed all subsidies on existing operations as well, by offsetting them against outstanding government loans, and the financing of social housing associations virtually became hundred percent private. (Ouwehand & van Daalen, 2002; Milligan 2003). In contrast, if care is provided, with or without housing, public finance remains dominant. Obviously, the public-private funds mixer tap is on quite a different setting for each sector. This difference has far-reaching consequences for the extent of management freedom of social entrepreneurs in terms of investment in, and transactions involving, land and buildings.

An advantage of mixed public-private financing has been referred to as the ‘Robin Hood effect’: housing associations re-invest market funds in unprofitable activities that fulfil their social objectives. However, it is hard to prevent those market risks from being offset against capital earmarked for social purposes or – as recently occurred in the case of a home care organisation in Rotterdam – collective resources straying over to the private business of social organisations. Such scandals occur everywhere. And the well-documented case of the German “Neue Heimat” corporation has demonstrated that appointing separate legal entities for the commercial and the social operations within an organisation is no guarantee against such undesirable occurrences (Richter 1992; Rosemann 1988); and that both internal and external inspectors and auditors may be unable to effectively confront managers who are a little too ambitious.

### **The utilization of equity**

Finally, the public-private polarity concerns the utilization of profits and equity. At one end of this continuum is the social purpose that is determined privately (which I refer to as ‘institutional charity’), and at the other end the publicly determined purpose. The social enterprise is positioned somewhere in between, though probably closer to the public end than the private one: It applies itself to the interest of an externally (partially publicly) determined and legitimised social objective, with considerable scope for a wide variety of combinations of personal entrepreneurship and institutional charity to blossom. The scope is, again, relatively wider for social housing associations than for care providers. Critics have asserted that policy decisions affecting the provision of fundamental social rights should not be left to managers of organisations that are not publicly accountable. This is sometimes referred to as ‘self-appointed democracy’, whilst others have pointed out the risks of creating ‘footloose social capital’, the

utilization of which is not under any public control. (de Kam 2003) And what to do if that capital has actually been accrued with the help of state funds?

### *Emphases in strategy*

The variety in the hybrid status of social enterprise along different axes of the private-public continuum makes for a confusing picture overall, which can turn such organisations into political pawns (Toonen et al. 2003). On the other hand, they themselves turn their hybrid status into a strategic weapon: As demonstrated in the preceding sections, Dutch social enterprises that fall into the domain of this paper assign different priorities in that respect. For the providers of care, who remain subject to strict regulations, the social enterprise concept serves to break free and obtain more flexibility. Housing associations, for whom operating conditions are already considerably less restricted, apply the concept rather to consolidate their position. In both sectors, the moral aspects demand attention. If social enterprise is a balancing act on a tightrope, then the moral aspects may be likened to the balancing stick used by the tightrope dancer: It's not attached to anything, but you can't manage without. These moral aspects relate to the historic roots and meaning of the actual mission of social organisations, and are first and foremost of importance to the citizens who depend on their services. However, they are no less essential to those organisations themselves, because they ultimately determine the power base, the ability to attract motivated staff, and the opportunities to bring to fruition the organisation's goals in a network society (Selznick 1997).

## **PART II**

### **Social initiatives in the property market: Housing with care provisions**

Following on from my explanation of the concept of social enterprise and the definition of a social enterprise as mentioned earlier, and having outlined its attractions and problem areas, I will now delve deeper into the practice of social enterprise, starting with particular reference to care providers' social initiatives in the property market.

A considerable number of Dutch citizens are in need of care. Eighty percent of this is provided informally by relatives and the remainder by organisations that are financed by and large through collective means by virtue of the Dutch General Law on Special Medical Expenses (AWBZ)<sup>3</sup>. Housing stock may at times need to be adapted with special facilities to enable care provision in the home, which is why it is important to build adaptable and flexible housing. This issue is, however, only tangential to the argument of this paper. Other cases - concerning more than half a million people – call for a solution such as special housing facilities and other buildings; small-scale clusters or intramural settings. In this paper I focus upon the way in which social organisations deal with properties that are specifically developed to combine housing and care provisions. Organisations do this in a dynamic institutional environment that is increasingly focused on demand and on allowing market forces to operate to some degree. I want to discuss in particular the effects of the increasing demand-orientation on portfolio management, the transformation of existing properties, and investment in new property. The second point I will elaborate on deals with the spatial de-concentration of care properties.

### **Property of care organisations in a demand-orientated market**

The Dutch welfare system is characterised by its high proportion of collective financing, where restraint on consumption of services is exercised through regulation of the supply of care provisions. Current government policy is aimed at increasing the share of private finance, and to gradually becoming more demand-led (VWS 2001; VWS 2002a; VWS 2002b). This ties in with the policy aims of enabling people in need of care to live independently for as long as possible,

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<sup>3</sup> The English reader may get an overall picture of the Dutch care system from the website of the Ministry of Health, Welfare and Sport, [www.minvws.nl](http://www.minvws.nl). see list of references (2003), (2004a), (2004b) and 2004c)

shifting the burden of care from residential institutions back on to society and to community care. This is a radical shift in paradigm, which has provoked enthusiasm but also resistance in virtually all those affected. Unfortunately, this paradigm shift has not been translated into an integrated policy. Attention has by and large focused on building policies relating to care institutions, which are merely aimed at decentralisation of service provision. It should be evident, however, that much more is required to make an effective switch to community care, such as the changing of professionals' attitudes and routines, and the building of supportive local social networks. (RMO 2002; Hoeksma et al. 2002).

In spite of this justified criticism, it is a good idea to let quality of accommodation in care provision play a key role in responding to demand. The government wants to stimulate this by transferring the costs of accommodation elements from collective insurance arrangements to the individual. This will put an end to the current situation where everyone pays the same amount for residential accommodation, in spite of the huge differences in quality. It is important to take residential units of inferior quality out of the market, and to develop a more varied range of accommodation. It is only reasonable that eventually, the differences in quality will be translated into price differentials. Financing the accommodation and care components as two separate entities will provide the impetus to bringing more variety into the supply of care arrangements in terms of quality; a boon for social entrepreneurs. The Scandinavian concept of the 'home care zone'<sup>4</sup> offers a clear picture of this development. The bulk of such an area consists of existing and new homes that are accessible, adaptable and can accommodate people 'from cradle to grave'. Houses are built close to facilities; convenient to the local network which provides the care and/or assistance. For those people whose need for care is greater, homes are clustered in the area where health and care provisions are offered. Small-scale sheltered housing or nursing homes are also an option. It is also important to take a closer look at what new possibilities the existing housing stock can offer; for example by adding support units and watch facilities. A greater degree of variation in building policies for housing plus care paves the way for reducing the size of existing intramural care facilities, without their complete disappearance. Some may develop into locations for specialised care arrangements, while others may choose to highlight their relatively green or sheltered qualities as a selling point to people either with or without disabilities.

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<sup>4</sup> The concept of the 'home care zone' refers to an area-specific provision of housing plus care facilities.

In order to facilitate the move from institutionalised life to life in a regular neighbourhood, provincial and local authorities will have to adjust their planning and housing policies accordingly. However, land shortages and a tight housing market present problems, which is why it is important that local authorities allocate space to accommodate people with special needs in new building projects, and that the position of institutions in negotiations with developers and housing associations be strengthened. Planning policy should stimulate a wider variety of accommodation plus care arrangements, both in urban and rural areas – think of so-called care-farms.

### **Responsiveness to demand and risks taken by suppliers**

The intention of being more demand-orientated is for people in need of care to benefit. However, for the providers of care - intramural or otherwise - recent policies have caused an immediate or longer-term increase in business risk. The task facing care providers is to develop a property strategy that is attuned to the future market for housing and care provision. The transformation of existing property poses a serious problem here, because the functional depreciation of these specially designed buildings is much faster than their financial depreciation. In the Dutch system the risk of this functional depreciation is not borne by the institutions however, but places a burden on the financial resources of the collective health insurance. This may seem an ideal situation for the individual institutions, but the adverse side of it is that it perversely stimulates care providers to keep on building more facilities of the same. As a consequence, development of new accommodation may still take place without taking into account future-oriented quality, and providers are tempted to stay put in their own locations, when they should be extending their horizons. The moral assignment here is to focus on the interests of customers, rather than the regulations and short-term institutional interests.

This also will also offer better opportunities for incorporating that transformation of accommodation for people in need of care into the wider context of neighbourhood redevelopment. It is the best way forward when trying to bring new quality into neighbourhoods, while at the same time, through maximising area utilisation, possibly helping to restrict the use of collective means for covering the deficit on the transformation of care properties. However, this type of social entrepreneurship is still hampered by the existing building regime founded on the regulation of supply.

Proposals have been put forward to change this by establishing a ‘home care organisation’ which would accumulate its own risk-bearing capital, which it must utilize for care properties, and in a recent policy letter the government has expressed its intention to go in this direction. This is an interesting thought, but it seems to me that from the perspective of society as a whole, it would be a shame to reserve structural health care funds to build reserves for covering property risks, while existing housing associations – especially those who have a well diversified portfolio – already possess such a buffer. Surely it must be more profitable to integrate the activities and capital of both types of social organisations.

### **Providers of housing plus care as social entrepreneurs**

Care provision is becoming more responsive to demand. As a result of this, differences in entrepreneurship are set to be rewarded in the future, leading to better and more varied quality. In the current system, where housing and care are financed as one package, this variation cannot be created. The answer to this problem may well lie in the concept of social enterprise, but for two obstacles: The current providers who want to grow into social entrepreneurs hardly possess any capital, and their existing properties are functionally obsolete. In order to remove these obstacles, more deregulation is required, giving these providers the muscle to bundle their strengths with other organisations; and they also need to be given the ability to attract market funds which they can mobilise to transform existing properties, and develop a more varied product range.

## **PART III**

### **Social initiatives in the property market: housing and social housing associations**

The next part of my exploration of social enterprise relating to land and buildings concerns the role of housing associations.<sup>5</sup>

There are 6.7 million houses in the Netherlands, of which around 35 percent is owned by approximately 550 housing associations. Around 27 percent of existing stock is affordable – i.e. the base rental level is less than 340 Euro, at 2000 price levels – and 17 percent is in the middle range – less than 455 Euro (VROM 2002 ). Juxtaposed with the government’s income criteria, there appears to be a more than sufficient stock of affordable rental housing, and increasing it is indeed no longer a government priority. Moreover, the demand for the cheapest, lower quality rental accommodation in urban areas is expected to decline. The qualitative shortages apply rather to properties for purchase. The statistical housing shortage was put at around 120 thousand housing units in 2000 (VROM, 2002). A net increase of 65 thousand housing units per year would eliminate the existing housing shortage completely (VROM 2001, p.36).

So, even though the severe housing shortage is no more, the housing market still has its problems. The first is the low mobility because of insufficient completions of new stock, resulting in growing waiting-lists for rented accommodation and first-time buyers having a hard time finding suitable properties. The second is that the process of demolition and reconstruction of existing neighbourhoods (regeneration) is not really gathering pace. What, now, is the position of social housing associations in this field? How can they contribute to solving this double stagnation?

#### ***The position of social housing associations***

Housing associations are private organisations which enjoy special status founded in the Dutch Housing Act (Woningwet). The parliamentary history of this legislation demonstrates that this ‘admission’ does not serve to turn housing associations into executive government agencies – as has been assumed by those pleading for increased government influence on such organisations.

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<sup>5</sup> Various relevant aspects of the Dutch housing system and the role of housing associations have been described in Milligan (2003, Smith (1997), Oxley & Smith (1996) and Ouwehand & van Daalen (2002).

This admission is rather intended to prevent the directors of housing associations from pocketing the advantages of this admission: housing association capital is reserved for social purposes. The private nature of housing associations has been a crucial and continuous theme throughout the history of social housing in the past century. In addition, since the last few years they can also accumulate their own capital resources – in contrast to their colleagues in the care sector. This rather unique situation has two causes. The basis was formed in 1968, when the requirement for housing associations to repay to the government any previously obtained housing subsidies out of their operating surpluses, was abolished. By then, it was already expected that in a continuing inflation scenario, structural operating surpluses would occur on a large scale. This has certainly turned out to be the case: while in 1955 the reserve per housing unit was 90 Euro, by 2000 this had grown to 3,000 to 4,500 Euro, whilst normal inflation over the same period would have amounted to only 600 Euro. In the mid nineties, offsetting housing subsidies against outstanding government loans, as referred to earlier, was the final move in making housing associations financially independent. The second factor which has been particularly favourable for capital growth of housing associations has been the growth in residential values. After the Second World War, Dutch housing associations were given a key role in providing a solution to the housing shortage. Encouraged by building-and operating subsidies, these organisations were able to build a large stock of affordable houses. Generally, the quality of this stock is such that its current market value is significantly higher than its book value. This, then, is in marked contrast to properties in the care sector.

### **Reduced support base**

As housing associations have developed into social enterprises that can invest on their own behalf, their social and political support base has eroded. Until the late seventies, the association model predominated, often in combination with strong local authority influence in management boards. However, as they developed into institutions with a broad remit, the exclusive relationships with special interest groups became more strained, in spite of their importance from the perspective of continuity, and empathy with the rank and file. From 1965 onwards, a customary distinction has been made between the involvement of those with a direct interest (a stake) on the one hand, and interested parties on the other. The first form of involvement – participation – was founded in law in the seventies, and has since then increasingly formed part

of the professional activities of housing associations. However, housing associations have been less able to give substance to the second type of involvement – democratisation. Research carried out in the late eighties (Kempen & van Velzen 1988; Wuertz & van der Pennen 1987) into the composition and ideologies of management boards revealed that most board members had access to extensive networks (34% held more than one directorship elsewhere) and that the length of service tended to be long (one quarter had served on the board for more than fifteen years.), which coincided with the fact that members were by and large recruited through co-opting. Housing associations clearly formed part of the fabric of local society.

In the nineties, the more independent and business-orientated set-up of housing associations called for an alternative model, the currently predominant foundation, with a managing director and a board of supervision. The number of people who take part in housing associations' activities on a non-professional basis (for example member councils), has declined and if we may extrapolate the results of research carried out by Van Dijk c.s. (2002), which involved eight large associations, only one in six board members currently instated are there on the strength of their 'social housing expertise' or 'rank and file' background. As far as the connection to an important group of stakeholders – the residents – is concerned, Van Dijk refers to the corporation as 'footloose'. He states that the current model, has, albeit inadvertently, rendered it impossible to discipline or control management in how it takes the concept further. In that light the recognition of the housing associations as 'ours' has become a thing of the past. This is why housing associations are currently searching for ways in which they may rekindle at least some of this sentiment (Van Leeuwen 2002; SEV 2002; de Kam 2003). For when society can no longer play an active role in the process of giving substance to the special significance of a housing association, it is no more than a giant on clay feet.

Following on from these general comments, I will now take a closer look at two key areas of housing associations' social initiatives in the property market, namely new development and regeneration.

### ***Social enterprise in new housing development***

Building new houses to provide cheap rental accommodation requires an investment in excess of the present value of the future rental income generated from them. This is a direct consequence

of social housing associations' letting and rent-setting policies, which they adopt in order to realise their social purpose. The 'gap' – i.e. the capitalised difference between cost covering rent and actual rent<sup>6</sup> – has since 1995 not been compensated by government subsidies, and is a direct charge against social housing association capital.

One way in which the housing association attempts to limit this charge is by making profits elsewhere in the project, building properties for sale on the market. This is one of the characteristic examples of the functioning of housing associations as social enterprises, using private funds for social tasks. However, it enters them into competition with other parties who also want to build these profitable parts of projects. In such a competitive arena, everything hinges on property rights in land, for in the Netherlands, the rule is that whoever owns the land, has the right to develop it. Only local authorities can revoke the right to build, on the basis of long term development plans and, in extreme cases, resort to expropriation. For years it was possible for local authorities to supplement their statutory authority with an instrument of civil law: selling development land, often subject to specified conditions inspired by their policies. Many local authorities enabled social housing associations to benefit from this. However, as local authorities have lost their strong position in the market due to commercial developers' land acquisitions, a number of housing associations have opted for a new strategy that reduces their dependence on local authority policy.

From research carried out with my colleague Needham, it appears that in half of a sample of 36 cases of green field and brown field locations, the land tends to be purchased either independently or with other third parties in the market. Only in a quarter of cases relating to brown field locations – industrial locations within the city which are no longer used for industry, and which will be redeveloped for housing – was land actually supplied by the local authority (De Kam & Needham 2002; Needham & de Kam 2004). Further analysis – against the background of transaction cost theory – reveals that housing associations obtain their land more often via networking (with the local authority and/or third parties in the market), than in the open market where price alone is the coordination mechanism. The strategy adopted by housing associations when buying land is determined to a large extent by situational factors, and can be explained by three factors that come into play. First of all, market conditions, such as type of

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<sup>6</sup> Depending on the parameters used, this gap will amount to between thirty and fifty thousand Euro per rental unit on a 50-years basis of calculation

location, tension in the property market and local authority land positions. The second factor is the political attitude of local authorities towards housing associations and their activities. In right-wing local authorities, housing associations tend to buy more frequently in the open market, apparently trusting less in their ability to do a deal through networking, or – as we believe – being put off by the high transaction costs involved in building and maintaining such a network. Once again, this illustrates the importance of a local support base in the strategy of a social enterprise. The third factor is the housing association itself: associations that are financially robust and have an enterprising development culture engage in open market transactions more frequently than their colleagues. They are accustomed to taking certain risks and also have the resources to carry it. This is where the enterprising aspect of housing associations is put into practice. Needless to say that being rather too entrepreneurial may however have its cost in terms of the organisation's local support base.

### **Counter-cyclical response required in times of stagnating housing supply**

The way in which housing associations operate in the property market thus provides a clear example of one of the constituent elements of social entrepreneurship, i.e. the procurement of private resources – subject to a certain degree of risk – for the purpose of carrying out tasks in the social domain. Note that there once was a time when cheap rental housing was only built with the help of subsidies. Nowadays, it is Dutch housing associations themselves that have to finance the development of this type of housing, and they try to limit the adverse impact on their own capital. This is one of the reasons why new cheap rental housing development has decreased sharply, from 21,500 houses in 1996 to 5,500 in 2000. Over this five-year period, housing associations have seen their total share of new development decline from 35% to 21%, though they have been successful in compensating the 'gap' by building middle and expensive rental housing, which grew from less than 4,000 to more than 5,000 houses per year, increasing from 16% to 33% of their total production (VROM 1997; VROM 2002) The last figures on production by housing associations show that these tendencies have not changed.

As housing associations have been building less, without commercial developers taking over their share, new housing development has lagged behind projected demand over the past few years. There is a shortage of rented homes for starters, while purchasing is not an option for first-time home-seekers due to high house prices. For several reasons especially those who want to

start a housing career will find it hard to get proper accommodation. First time home seekers have difficulties with purchasing a home because of the high prices in the stock and the low level of new production, both of which are prohibitive to moving house for those who already occupy the cheaper segments of the housing market. What contribution can housing associations make to solve these problems in their capacity of social entrepreneurs? In other words: are they enterprising enough?

Let's start by analysing the problem. The government called a Taskforce for Housing into being, consisting of representatives of all parties involved in construction. This Taskforce points especially to the sticky and complicated procedures involving plan development, and to local authority capacity shortages (Taskforce Woningbouw 2002). Moreover, project developers are of the opinion that the government doesn't keep its promises about timely infrastructure developments in conjunction with large building projects; that local authorities get far too involved in detailed planning issues; and that the practice of covering part of the costs of social housing out of surpluses on selling houses in the same project, should be brought to an end (De Reus 2002). Local authorities are responding with concrete proposals, to adapt – or in any case to curtail – their regulations (VNG 2002).

There are two points I want to make with respect to these analyses. The first is that procedures can obviously be cumbersome at times, particularly when parties fail to prepare themselves in a professional way. However, this can only ever lead to a temporary dip in house building: After – perhaps a considerable – time has passed, any planned housing development must come out at the other end of the pipeline.

Secondly, in my view it is rather odd that the analyses above pay so little attention to the effect of land ownership in conjunction with the development of house price levels. Development cycles take five years or longer, and if house prices rise for a number of consecutive years, all parties involved will start to anticipate this. Unless they do, all of the value growth will effectively be realised by the last person in the chain. However, now that prices in the housing market tend to stabilise some parties may have paid too much for their land. In addition, they will have to contend with rising building costs, which are still based on the golden years of the past. In such a scenario, the obvious choice is to hold on to land for just a little longer, or even to refrain from

developing it and just sell it on. However, the latter is not as easy, because most commercially oriented parties are stuck with the same problem.

In view of the reluctance of commercial builders and the negative consequences of the current stagnation in new housing development, particularly for first-time home-seekers, the obvious solution would be to invest in building cheap rental housing on a much larger scale. Central government however objects to this, on the basis of statistics showing that there is sufficient cheap rental accommodation in the Netherlands as a whole. It has stated that building cheap rental housing on a large scale would eventually lead to problems relating to the reduced attractiveness of the city (Remkes 2002). This is nonsense, of course, because there is a real need for a renewal of the stock of affordable housing. Even if there would be an oversupply – in the longer term – this would present a golden opportunity for transforming some of the most obsolete rental housing stock: It's not only numbers that count, but also the social effects of housing associations being able to continue offering a broad and varied range of housing, in a variety of locations. And apart from that, a substantial participation of housing associations in development will lead to a more varied housing offer that will be much better positioned to meet fluctuations in demand.

This is why housing associations could certainly do society a service, by reacting in a counter cyclical manner to the current stagnation in new housing development. In the past, as happened for the last time around 1981 - government itself would take measures to prevent a faltering supply of new housing, such as the provision of additional building subsidies, or subsidies to transferring homes for purchase to the rental sector. Presently housing associations could, in collaboration with local authorities, try to build cheap rental accommodation and homes for purchase in excess of what is currently planned, or bring their construction forward in time. Local authorities should take a critical look at the level of their land prices, and when drawing up or executing their development plans, use expropriation where possible against land owners who want to hold on to their land. The second possibility consists of letting for the first few years those houses that were intended for sale. In addition, it may be possible to purchase land, building claims or development projects from developers, in collaboration with the local authority. Housing associations could also consider reducing the initial costs to buyers by

selling the properties as leasehold. All of these courses of action will impose a greater burden on housing associations' resources than forecast in better times, but that is what we may expect social entrepreneurs to do. To my opinion, in financial terms the critical point will be reached only when the housing association itself carries the losses of the 'gap' of the cheap rental housing, and sells its new purchase homes at cost plus a moderate mark up to compensate for risk, in order to break even.

### **Improving investment conditions**

Aside from exploring local opportunities to provide an intermediate boost as described above, general conditions for housing associations to participate in house building could be improved. Current legislation restricts the scope for housing associations to buy land for themselves (Remkes 2001). There is, for instance, the requirement that acquired land should have a stated housing purpose within five years, and be earmarked for the kind of property suitable for carrying out the core tasks of the housing association. This effectively blocks any opportunity to achieve a financial return on the commercial part of the development, which helps attain social objectives. In view of what happens in practice, and given the long planning development cycles, it would make sense to extend the period that housing associations can hold land in their portfolios, to ten years.<sup>7</sup> They could then utilise their local market knowledge to the advantage of their social tasks. This would, in the process, create room for exploring the possibilities of a land bank for social landlords, following the lead for instance of experiences gained in Belgium (Needham & De Kam 2001). It is also important that local planning policies become better tailored to the provision of cheap rental accommodation, and housing which combines accommodation with care provision. Due to the peculiarities of our legislation Dutch development plans – which incorporate only spatial requirements – and the expropriation system are sometimes inadequate when it comes to charting the course in terms of quality objectives (VROM 2001, p.72). This also applies to the share of cheap rental housing contained in a plan. Now that local authorities are less likely to be supplying land themselves, it is becoming more difficult for them to steer things in the right direction on that front (De Kam 1996). This is why it is very important for the future investments of housing associations that the government has

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<sup>7</sup> By policy letter of March 2005 the Dutch Minister has declared her intention to extend the period for which housing associations are allowed to hold unserviced land to 10 years.

decided to broaden the content of the Dutch act on spatial planning in such a way that the construction of a certain share of social housing can be included in land-use plans.

### **Active involvement in regeneration**

Housing associations are also facing a big social task in potential regeneration areas – existing neighbourhoods with a high proportion of social housing. Here also, stagnation prevents government-formulated ambitions from being realised. It is an area where one of the aspects of the hybrid nature of social organisations – i.e. the question whether the utilization of capital should be steered privately or publicly – is pertinent. In 2003 stagnation of regeneration had reached the point that Parliament considered a forced redistribution of resources from the wealthier housing associations to their poorer fellow-organisations facing huge deficits on regeneration. I am not convinced that this would have brought regeneration back up to speed because, in practice, what needs to be found is a balance between local authority directives on the one hand, and both financial and actual involvement of local housing associations. They have to develop a new method, as planning routines applied in other locations do not work in the case of regeneration. Regeneration cannot be compared to the development of new areas, as there is no return to be achieved. Neither can regeneration be compared to ‘classic’ urban renewal, because local authorities no longer obtain sufficient subsidies to be able to put their policy into effect by purchasing obsolete properties.

What it boils down to is that regeneration can be financed only if housing associations make a hefty contribution. Consider the following: when a housing association sells a house outright, the accounting profit amounts to just over 50,000 Euro (Van Dellen 2001). If such houses are incorporated into a regeneration scheme instead, and are replaced by 30 percent cheap rent and 70 percent purchase homes, that same house will return only 10,000 Euro (De Kam 2002). This means that about two-thirds of the average book value of around 30,000 Euro must be written off. In other words: Money spent on ‘luxuries’ such as a more than average quality of public space in the area; on income that is foregone because the programme hasn’t been optimised; on above-average profits made by commercial partners in the project; these are all written off against housing associations’ capital.

In recent years, housing associations have become more aware of their ownership rights in existing city areas, but also of the problems associated with that. Virtually all of them are convinced of the need for regeneration, of the importance of the simultaneous approach of physical and social problems, an integrated approach of the social problems and a more differentiated housing supply. This is not only in the interest of society, but also of the continuity of the organisation's own operations, stock renewal etc. However, it is because of the financial consequences that housing associations object to the local authority determining the regeneration programme unilaterally. This is understandable, because the top ten causes of negative balances arising from regeneration include several matters in which the local authority has a final say, such as town planning decisions (whether to maintain existing building lines), decisions about the share of cheap rental housing to be regenerated, and building density choices (De Kam 2002).

### **Developing new routines**

It is for these reasons that developing a workable routine for regeneration is not an easy task. In successful cases, the local authority and housing association agree on the basic – including financial – principles; the housing association has substantial influence on the plan and the programme and, flowing from this, on costs and revenues. This can take place, for example, in the form of concessions for an entire regeneration area.

Against the background of these ongoing processes of developing new local routines for the regeneration of existing residential areas, an additional financial impulse in the form of a compulsory redistribution of housing associations' funds would be counterproductive, as this would undoubtedly involve more bureaucracy, plan evaluations, comparisons, standardisation of housing association expenditure on projects other than regeneration, distribution ratios, etc. Local authorities – whether or not in collaboration with local housing associations – might be tempted to ask for too much, which would not bring the solution to the core problem any closer.

Should a redistribution mechanism be introduced after all, it would have to be designed so that the burdens are fairly divided between local authorities and housing associations, and prioritise the rewarding of local social entrepreneurship. In that sense, establishing special tax zones for regeneration is an appealing thought.

### **Beyond physical intervention**

Social enterprise in regeneration is certainly not only about investing in property. Rebuilding existing neighbourhoods has a huge impact on its residents. This requires good communication with them and other interested parties, as well as ensuring the area remains habitable during and after the regeneration process. By participating in professional networks that respect and harness the power of residents, housing associations can help prevent people from turning their own house and locality into a focal point for unrest and aggression. Part of such an approach might be to make available more building plots for private contracting, offering people the opportunity to mobilise their own investment in time and manpower, and to potentially strengthen rather than dismantle social structures. Regeneration could take more advantage of the network of care organisations, viewing them not only as providers of services, but also as an integral part of an area's social infrastructure. These are all fragments of the central idea that housing associations might benefit substantially by forming coalitions to mobilise the power of the civil society for better housing.

### ***Social housing organisations as social entrepreneurs***

Housing associations are in an entirely different situation to that of their colleagues in care provision. Given the current price-quality relationship, no more growth can be expected in the demand for their classic core product, cheap rental housing. Housing associations have capital reserves as a result of good management within the context of post-war social housing policies, combined with the value growth of the entire housing stock. It is relatively simple for them to mix their core activities with more commercial ones, though at the same time, this carries its risks in terms of support base. Criticism of housing associations' input into the regeneration process could result in them once again becoming executive agencies of government policy, or at least co-financiers. This would imply that the move towards increasing independence has reached its limit. Regardless of the importance of establishing real and workable arrangements for co-financing regeneration as far as possible, the most important task for housing associations remains local level achievement, investing in a counter cyclical manner in new housing developments, and adopting a forthright approach to regeneration. The conditions enabling them to do particularly the first need improving on a number of points.

## **PART IV**

### **Conclusion: the future perspective on social enterprise**

To conclude this review of social initiatives in the property market, a glance at what the future holds. I have presented the concept of social enterprise as evolving towards growth and greater professionalism of traditional non-profit organisations that are looking for legitimate continuity. Its strength lies in the mobilisation of driven entrepreneurship, of organisation capital and of market resources, for social causes.

Its weaknesses lie in the problems related to local anchoring, and the influence of stakeholders at an organisational level, the flaws in social return and efficiency evaluation, and the reluctant response to questions relating to redistribution within the sector.

I expect that in the years ahead, some trends will have negative consequences for social enterprising opportunities. In economic downturns, the support base for experimentation with new forms of social provisions tends to shrink. Public expenditure cuts are fuelling the call for more public control over the way in which social organisations utilise their capital. Tighter profit margins are restricting opportunities for cross-subsidisation, and there is less willingness on the part of other parties in the market to contribute to it. European policies on competition and state support can lead to social organisations being pulled towards the public sector, or losing their special facilities because government wants to treat them like commercial organisations, the point of departure for a level playing field.

However, I also see trends in society that are positive for the further development of social enterprise. Public interest in social needs flowing from fundamental social rights; in the ‘maintenance’ of society; and in the ideology behind the actions of people and organisations, appears to be growing again. At the same time, there is demand for more differentiation in the way social needs are provided for.

Citizenship and confidence in people’s own abilities are gaining importance in the formulation of government policies.

Lastly, I want to mention – with some degree of embarrassment – the effect of ‘negative advertising’ – because time and time again it appears that even the alternatives to social

enterprises – government itself or commercial organisations – can be badly managed and underperform.

These are the reasons why social enterprises will be operating in a very complex and dynamic context over the years to come. Whether or not the social enterprise concept will flourish in the face of it will depend also on their own performance. What they shouldn't do, is turn a blind eye and trust in their established position. Neither should they send out messages that are in conflict with the desirable image of social entrepreneurship, which is indispensable in securing the public support base: In that respect I would question any organisational expansion or merger that doesn't lead to added value for customers; sector codes that are implemented without effective discipline; and rental or reward policies that are inconsistent.

In order to widen the support base for their operations in society, social entrepreneurs should put a lot of effort into transparency; establishing a sustainable relationship with the local community; allowing stakeholders to have a real influence on policy; and into maintaining moral standards. Sound structuring of these institutional aspects is crucial. I have previously referred to this as the management of substance. This is what social organisations need in order to achieve the results on which they will be judged in practice. In preceding chapters I have given a few examples as they relate to investment in land, locations and property. The crux of the matter in the care sector is that there is a need to develop more flexible property strategies. 'De-collectivisation' will pave the way towards accommodating people's needs better.

The challenge to social housing associations lies especially in investing in new housing development in a counter cyclical manner; and providing an additional impulse to regeneration. Concrete action is required to consolidate the existing policy remit and to earn the support base. For this is where independence has reached its limits – for the time being – and any shifts are more likely to be towards 're-collectivisation' rather than 'de-collectivisation'. The simultaneous occurrence of both trends presents a phenomenal challenge for researchers of (Dutch) social enterprise.

### **Agenda for research and education**

In this final chapter I will outline a programme for education and research, from the perspective of the need for increased and better knowledge, so that the problems associated with social

initiatives in the property market may be addressed and backed with sound arguments. The programme I envisage contains five clusters.

### **Defining social enterprise**

To start with, the concept of social enterprise needs to be properly defined and analysed. The key points here are the interrelationships between social needs, market forces and the actions of enterprises, social organisations and government. The internationally comparative research of the Johns Hopkins project (Salamon & Anheier 1997) presents a very promising analytical framework, with its theory regarding the social origins of non-profits. Furthermore, our understanding of both the potentials and pitfalls of social enterprise can be deepened by a systematic comparison of development in various sectors, for which I have already laid the foundations in this paper.

### **Social enterprise as strategy**

The second cluster consists of the research on social enterprise as a strategy for individual organisations. What is the influence of the special objectives of different social entrepreneurs on land transactions, location development and associated aspects of property management? A theoretical point of departure can be found in resource-based analysis, which researches what particular resources are instrumental in providing organisations with a competitive advantage and cause it to perform better in the long-term (Glunk 1999). In this approach, the specific identities and objectives of social enterprises – with their effects on human resources – can be regarded as part of the intangible assets. This can offer a new perspective on competitive strength, and on issues of diversification, collaboration and contracting of these organisations (Foss 1997). A second theme here is the way in which social organisations might work out and account for the financial and social return on their activities. To what extent can micro-economic standards be applied – such as the Aedex Property Index Corporation (Aedex 2002; Reitsma 2002; de Kam 2003; Cutt & Murray 2000), and what else is needed for organisations that must perform in a multiple stakeholder domain? The insights gained from this could be supplemented by longitudinal empirical research into the interrelationship between the familiar methods of financial measurement of performance; the measurement of performance for the varying stakeholders; and the organisation's most crucial resources.

### **The property market mechanism**

Along with the above, the actions of social entrepreneurs also deserve further study in relation to market mechanism theories. I expect that the analytical frameworks of the new institutional economy will lead to clarifying insights in this respect. In researching stagnation in new housing development and regeneration, turning our attention to the importance of property rights may help us further. It seems to me of great importance to analyse the influence of differences in local context on both forms of stagnation. The transaction cost approach deserves additional exploration with respect to choices made by organisations and housing plus care providers in relation to their property market strategies. The research referred to earlier points out that for organisations in the Dutch property market, coordination through networking is of great significance. It is important to find out the extent to which the predominance of this strategy is linked to specific characteristics of social enterprise. Lastly, the principal-agent approach offers a challenging framework for analysing how to steer social entrepreneurs in their actions, from the perspective of public interest in land and property development. I intend to establish a broad empirical basis for these research topics by repeating the study 'Housing associations in the property market' (de Kam & Needham 2001) twice more in the years ahead.

### **Policy and governance**

In the areas of planning and management I see a variety of challenging study topics. The first is to consider, from the perspective of social objectives for housing and care provision, which interventions would be the most effective in creating the right conditions for the provision of land and the transformation of real estate. European regulations and laws on competition are increasingly relevant in research on the importance of social objectives of organisations in the public commissioning of tasks and the allocation of government support.

### **Environmental policy**

Environmental policies, which in the Netherlands have traditionally been strongly focused on spatial aspects, also deserve special attention. I have already pointed out the importance of non-spatial quality requirements in location development. This concerns the formulation of a (new) definition of governance in an environment in which private organisations are still increasingly

expected to contribute to the realisation of public objectives. How social objectives with respect to housing and care can be best served by this kind of intervention, as well as the legal-administrative aspects of this, are both key areas of research. This also applies to the question how the market will react to such requirements. It is interesting to link this to experiences abroad with inclusionary zoning (OECD 1992) and the reservation of production shares for social housing, as has been recently introduced in Ireland (Needham & de Kam 2000; NESC 2004)

### **Operational issues**

Finally – and at a more operational level – my research will contribute to building a database of land prices and the obstacles to obtaining land for the purposes that social housing and care organisations seek to realise. Another planned research project will look into the methods for valuation of existing institutional property. Lastly, one of my current research-projects investigates the possibilities for better integration of neighbourhood regeneration and the transformation of housing plus care properties.

Aside from my own input into these five key areas of research, I especially hope that the themes treated in this paper will inspire others to collaborate and exchange insights.

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