



# “Not for Normal People”: The Specialization of Social Rental Housing in Finland

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## Abstract

Public housing is usually provided for people who cannot afford buying or renting housing on the private housing market. In Finland, the provision of rental public housing, or social housing as it is called, is divided into two categories: “normal rental housing” and “housing for special groups”. The “special groups” include people with so-called “special needs”, and the social rental housing provided for them is regarded a social service. The majority of new social rental housing is housing for special groups. The article asks, is Finland’s social housing turning into a social service, who belongs to special groups and why are they called special? In explaining the trajectory of the Finnish housing policy, the article analyses the process that the author suggests calling the “specialization” of social rental housing, which is the result of deinstitutionalization, piecemeal retrenchment of the welfare state from the housing sector and prioritizing private housing production.

## Keywords

Finland; housing policy; social housing; special groups; specialization; stigmatization

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## Introduction

Finnish social and health care began to develop and specialize in the early 20<sup>th</sup> century, as authorities became aware of various disadvantaged groups in need of particular attention. Disadvantaged people were known as “special groups” (Fin. *erityisryhmät*). For some reason contemporary Finnish housing policy documents use the term special groups to refer to tenants of public housing – or social housing as it is known in Finland. This article analyzes the term special groups and its meaning in contemporary Finnish housing policy.

This article is structured as follows. First, it traces the origin of the term special groups in social care and investigates how it entered the language of housing policy. A short historical overview shows that Finland’s housing policy has rarely been but a weak segment of social policy. Second, this article investigates what kind of people belong to so-called special groups and who has the power to define the groups. Drawing from critical disability studies, this article criticizes Finnish housing legislation and housing policy for their bias of regarding demand for social housing as a special need of particular individuals.

Third, this article shows there is an increasing tendency to target the provision of social rental housing to special groups only. The data consists of interviews with municipal land use and housing authorities that were collected for a research project on land and housing policies in Finland<sup>1</sup>. Twenty-five interviews were conducted in ten Finnish cities. The interviews were analyzed to find out how authorities speak about social housing; what kind of arguments they use to legitimate the targeting of the provision of social housing to special groups and why most of the social housing produced is intended for special groups, not so-called normal tenants. The new concept of “specialization” of social housing is introduced to depict social rental housing becoming a tenure intended for special groups while the amount of so-called “normal” social rental housing has decreased.

Fourth, the influence of using the term special groups and the specialization of social housing are discussed. To use the denomination special of one person, supposes that its antonym may be used of another. Although less frequently voiced, the antonym used is normal. This naming and categorization of special and normal individuals by housing policy documents and authorities, in turn, implies that housing inequalities are simply a result of the differences between people. The orthodox housing rhetoric in Finland regards it a responsibility of an individual to acquire housing by buying or renting on the market. When housing authorities call those who fail to buy or rent their homes on the market “special”, what they in fact imply is that these people are abnormal. When the use of the word special is extended, referring to all tenants of social housing, both tenants and social rental housing risks becoming widely stigmatized as abnormal. Such a categorization, this article argues, is a useful myth that works in favour of the propertied class that

1 The Finnish Housing Regime in Transition: Land Policy and Property Rights. Academy of Finland.

benefits from the normalization of the commodity form of housing. To break with the orthodox, stigmatizing housing policy talk, this article suggests an unorthodox idea: the recognition of the normalcy and universality of the need for de-commodified, quality housing.

### **Housing Policy and the Curious Case of Special Groups**

In Finland, the supply of housing has, to a large extent, been left to the market and it is a responsibility of individuals to acquire a home for themselves. This leaves two tasks for housing policy: subsidizing the construction sector and assisting those who fail to buy accommodation on the market. The first task gives the Finnish housing policy a role of correcting the failures of the housing market (Bengtsson and Ruonavaara 2011). As to the second task, individuals are assisted by providing them social housing or giving them housing benefits. This article focuses on the second task, particularly the first type of public provision. To distinguish between the different policies, this policy is named social housing policy. In the following, a brief overview of Finland's social housing policy is provided, with a focus on how so-called "special groups" entered its lexicon.

#### ***Paupers and the Poor Law***

Until the early 1900s individuals were largely responsible for their own welfare. The Finnish society was an agricultural one where people provided for themselves and their families. The disabled, elderly and deprived were seen as a homogeneous group of "paupers". Homelessness was rampant among the paupers. Self-sufficiency was the expectation in the Finnish home-owner society (Ruonavaara 1995; 1996) and the public attitude was, that falling into hardship or homelessness was an individual's own personal problem. Paupers should seek assistance from their relatives.

Social care for the poor and the homeless was next to non-existent. Municipalities maintained a hard-line approach to the poor and provided meagre assistance, but only for those poor who were unable to work. There was no distinction between the people unable to work, whether their inability was due to physical or psychological disability, old age or something else. Were a person to depend on social assistance the municipality would take custody over them. Some municipalities also auctioned off disadvantaged people to those who would charge the least for taking care of them (Social Insurance Institution of Finland 2018).

Gradually the attitude toward the poor and destitute began to change. They were no longer seen as a homogeneous group, but as people with different needs. Separate fields of care – health care, child care and care for the disabled – were introduced to help people. It was understood that there were different kinds of poor and deprived people with different needs. The Poor Law (Fin. *köyhäinhoitolaki*), which was passed in 1922, obliged municipalities to provide special care for the children, the mentally ill, the blind, the deaf and the disabled respectively. This law is regarded as the origin of social security in Finland.

The idea that there are different types of disadvantaged people in need of different kinds of care was followed by the idea that different types of care should be provided in different places. The Poor Law required municipalities to get rid of poorhouses, which were simply about providing shelter for the “paupers”, and develop specialized municipal care homes, which would provide both shelter and care for distinct groups (Rintala 1995). Although the Poor Law managed to change attitudes towards the poor, the basic idea persisted that people are primarily responsible for their own and their families’ welfare, including housing.

### ***Housing the Urban Population***

Industrialization and urbanization since the first half of the 20<sup>th</sup> century created a new demand for care. Women entered the workforce to meet the growing demand for labour, family sizes became smaller and children moved out as they grew up. For elderly people these changes were dramatic. Authorities realized that it was both socially and economically important to develop social care for the elderly; as families no longer took care of them, senior citizens needed assistance and care in their daily lives. Providing care for the elderly outside the domestic sphere in senior houses would also free up valuable workforce. The elderly became the first group whose care was no longer the responsibility of families but the responsibility of the society. This change in responsibility was generally accepted and seniors were seen as special.

The Finnish welfare state and social security developed after the Second World War. Redistribution ensured that despite social class all had access to free basic education and free health care. In the post-war years Finland’s housing stock was poor. The ravages of the war and the post-war territorial concessions had cost the country some 120 000 units of housing and thousands were left homeless (Kuusi 1968). As developers lacked funds to produce enough housing, the state established the Housing Construction Delegation Arava (today known as the housing finance and development center or the ARA) to provide interest-subsidised loans to developers (Tulla 1999).

The developers who received state subsidies were non-profit cooperatives and corporations owned by municipalities. Between 1945 and 1957, up to 70 per cent of housing production was state subsidised (Juntto 1990). Much of this housing was for owner-occupiers. The state also granted loans to individuals to help them buy houses. State loans had a loan to value ratio of 40 per cent, so the majority of loans were granted to middle class families. Arava legitimated the new housing model that prioritized the better off with a so-called “filtering effect” – by developing new housing for the families, their previous homes would become vacant for low income people (Juntto 1990).

The program, which prioritized home ownership (Tulla 1999), was successful in eliminating homelessness of working- and middle-class families. The filtering theory, however, has been tested empirically and shown time and again not to work in favor of low-income people who will eventually be forced to live in the

worst of the housing stock (see e.g. Boddy & Gray 1979). Unsurprisingly, housing did not filter down to those on society's lowest rung, for many of whom homelessness continued. Homelessness was common especially among single men who were war veterans, often suffering from alcoholism and other addictions. As Arava, the primary objective of which was to house the families, did not provide housing for the homeless single men, the task was left to the Ministry of Social Affairs and Health. The homeless, who suffered from manifold physical and psychological problems, were housed in institutions – such as psychiatric hospitals – where patients were divided into groups based on the type and urgency of assistance and medical care they needed. In the 1960s the ministry began calling them “special groups” (Taipale 1982).

In the 1960s and 1970s, Finland underwent heavy urbanization and thousands of new homes were needed in cities. The state and municipalities attempted to solve the housing problem by subsidizing construction and developing social housing. In the early 1970s, more social housing was developed than during the preceding 20 years. Much of the social housing was now rental housing, built in housing estates outside the city centers. At this time, social rental housing became a nearly universal tenure, intended for the poor, the working and the middle classes (Junnto 1990).

Another reason for the growing demand for social housing was a change in institutional policy. No longer regarded the best way of caring for the patients, institutions were closed down, and patients were discharged. This deinstitutionalization saved direct costs of care, but patients needed homes to live in. To solve this particular housing question, the Ministry of Social Affairs and Health introduced the idea of “social housing for special groups”. As housing officials now became responsible for organizing accommodation for those previously taken care of by the social services sector, the term special groups used in social services and institutional care was adopted in the language of housing policy. Special groups were mentioned for the first time in Helsinki's housing programme of 1975 and in the national housing policy a year later (Taipale 1982). Back then, however, special groups in housing policy documents were limited to students and the elderly. But the Ministry of Social Affairs and Health had a much broader definition. For example, in 1979 the research department of the ministry carried out a research project (Halla & Kyrö 1979) looking for “the groups most in need of social security.” These were listed as families with children, the Finnish Romani and the Sami people (Indigenous ethnic minorities), visually impaired people, the lowest income quintile of all households, war veterans, large families, seniors and single parents. The project called all these people special groups.

### ***Balancing the Cycles***

The 1980s was the decade of the free market ideology. Public spending was reduced, the production of goods and the provision of services privatized, and previous restrictions were deregulated. In Finland the deregulation of the financial sector led to the growth of banks' lending. Even working-class families could take

out a mortgage and buy their homes. So, instead of subsidizing homeowners as earlier, Arava now subsidized only social rental housing. This was compatible with the free market ideology of the Finnish decision makers, according to whom individuals should be responsible for their own housing and buy their housing on the market. In contrast to the universalism of the social rental sector in the 1970s, social housing provision was regarded increasingly as a social service for those unable to acquire housing on the market, such as the special groups of students and seniors. As Juntto (1992, 50) writes about the 1980s housing policy in Finland, “[b]y 1988, the state financed only eight per cent of all housing production. The housing demand was estimated to be mostly satisfied. Housing policy had ‘done its job’ and would in the future be needed only for special groups and for minor adjustments.”

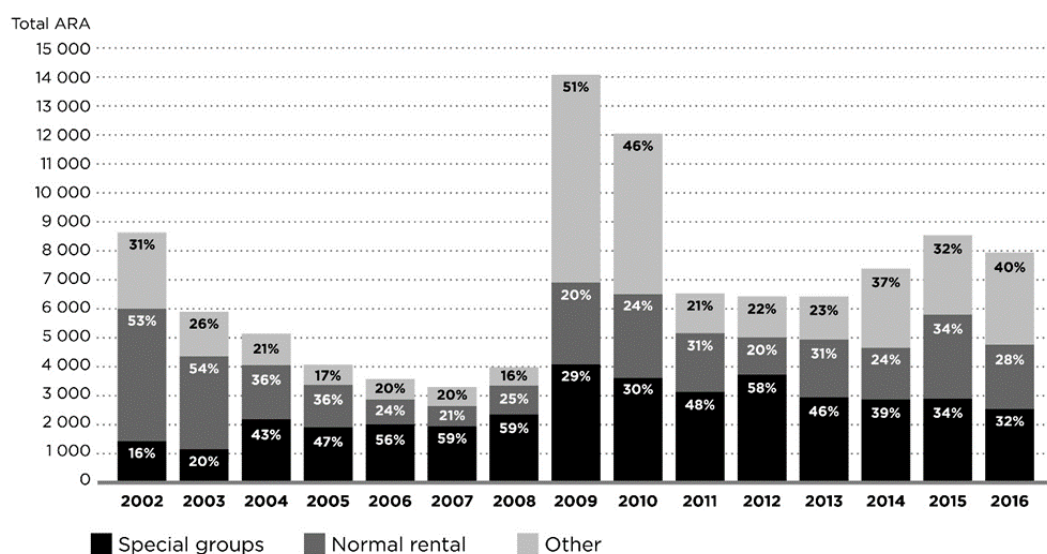
In the early 1990s, Finland experienced a severe recession and private housing production ceased. The state decided to subsidize housing production and housing policy was again used as a deliberate countercyclical policy (Ruonavaara 2017). But more than before the tenants were now chosen based on social criteria. The three key eligibility criteria for Arava, and today ARA subsidized rental apartments are low income, low wealth and the urgency of housing need. Social housing was now allocated to students and seniors – the special groups – but also low-income people more broadly. Furthermore, in 1991 housing authorities announced that up to 3300 people were staying in institutions, such as psychiatric hospitals, because they did not have a home. They were to be accommodated in social housing to save on institutional costs (Vesänen 1992, 23-24).

Calling social housing a social service began to affect peoples’ perceptions. The more social housing was allocated to special groups, the poor and deinstitutionalized, the more it was connected to marginalized people and perceived as a form of social assistance. As the recession continued, economic hardship spread with a plethora of associated social problems. The atmosphere became fruitful for finding the scapegoats for social problems. In 1997, Finnish housing researcher Korhonen wrote about the attitudes towards social housing: “the general understanding is that many social problems concentrate in social housing [...] Social housing is feared to bring about disturbances, insecurity, criminal subcultures and to lower the market value of apartments” (Korhonen 1997, 210). In cities, especially in the Helsinki Metropolitan Area, social housing has disproportionately been located in peripheral housing estates and, in no small part thanks to sensationalist media depictions (Junnilainen 2019; Roivainen 1999), these estates became stigmatized by the late 1990s.

During the early 2000s the ARA, largely responsible for housing policy in Finland, had introduced a distinction between two types of social rental housing – normal rental housing and housing for special groups. Normal social rental was intended for low income people. At this point, the latter category still consisted only of senior and student housing. In 2002, 4,566 normal rental apartments, 677 senior apartments and 684 student apartments were built. In 2003 the numbers were 3,211, 532 and 652 respectively. In both years, the amount of normal rental housing

exceeded senior and student housing. In Figure 1, we can see that the year 2004 was a turning point. Since then the proportion of special groups' housing has exceeded that of normal rental in every year except in 2015. Why did the amount of special groups' housing double from 2003 to 2004?

Before 2004, social rental housing for people who could not afford market rent – besides student and senior housing – was simply normal social rental. In 2004, the term “special groups” began to be used in housing policy and legislation to distinguish various groups eligible for social housing, beyond just seniors and students. A whole plethora of groups and individuals – from refugees to the disabled and recently released convicts to low income people – were now included under the umbrella term special groups. The extent of the definition of the term that was familiar from the Ministry of Social Affairs and Health reports in the late 1970s and early 80s, was now broadened to housing policy documents.



**Figure 1:** Annually produced housing units with ARA subsidies depicting the shares of special, normal and other social housing tenures. “Other” are intermediate tenures, between rental and owner occupied, such as right-of-occupancy housing. Source: ARA.

The 2008 global financial crisis – linked to failures in housing policies in North America and Europe (Fields and Hodgkinson 2017) – brought private housing development to a standstill (ARA 2011). As Madden and Marcuse (2016) point out, the international housing crisis is not a glitch in the system, but a recurring feature of the capitalist economy predicated on private property, market exchange, and the capital accumulation imperative. The state is always called upon to assist during such “crises”. And in Finland, housing production was again introduced as a countercyclical measure during the inevitable resurfacing of this feature of the capitalist economy (Mäki-Fränti and Laukkanen 2010). State subsidies were channelled not only for social rental housing, but also for owner occupied housing

and so-called “intermediate tenures”. These are a type of housing that the tenant can buy after living in the house for five years. When in rental use, the rent is not controlled, but is the market rent. Figure 1 shows ARA-apartments built annually, distinguishing the shares of special groups’ houses and normal rental houses. The rest, named “other”, are ARA subsidized owner-occupied houses and different intermediate forms of housing. We can see in Figure 1 that there was significant growth in the number of new social housing built in 2009 and 2010. As before, housing policy was introduced as a countercyclical policy.

### ***Social Housing Today***

In Finland social housing refers to any state subsidized housing. According to the ARA there are three types of developers that are eligible for state subsidies: 1) Finnish municipalities, 2) non-profit<sup>2</sup> organizations and corporations, or 3) limited liability companies in which one of the above-mentioned organizations has a dominant role. The state supports all types of tenures (Bengtsson and Ruonavaara 2010). State subsidies are granted for rental housing, owner occupied housing and also so-called intermediate housing which are somewhere between rental and owner-occupied<sup>3</sup> (Juntto 1992).

In 2016, there were 596 non-profits who built social housing in Finland. These can be divided into roughly two groups. The first are locally based non-profit organizations, founded to defend the rights of an interest group, for example, the elderly or the disabled, that have at some point also applied for the right to develop sheltered housing. According to the Finnish Environmental Administration, “sheltered housing is intended for people who need help in their everyday lives but who do not require institutional care. Sheltered housing covers both the apartment and the related services.” In general, these organizations are more interested in just building the houses without speculating or seeking to maximize land rent. The same cannot be said for the second group consisting of large housing developers that have been granted the status of non-profit corporation and are eligible for state subsidies. The four biggest non-profit corporations are Avara, Sato, TA, and VVO. They were all established between 1940 and 1970 as either cooperatives or social housing corporations to solve the housing crises. These developers were originally granted non-profit status in order to enhance the production of social rental housing in cities.

2 The non-profit status of an organization is evaluated by the tax administration according to three main guidelines: 1) The organization should be working for the public good, 2) the activities of the organization are not limited to an exclusive group of people and 3) the organization does not give the participants economic benefit in the form of dividends, shares or unreasonable compensations.

3 An example are so-called right-of-occupancy apartments, where the resident pays a right-of-occupancy payment of some 15 per cent of the market price of the apartment and a monthly use charge. The right-of-occupancy is for life and it can be passed on as inheritance. When moving out, the original right-of-occupancy payment will be reimbursed.



In 2008, only 16 per cent of all new subsidized housing construction was other than rental housing. But in 2009, the share went up to 51 per cent (Figure 1). Why the rapid change from subsidised social rental to owner occupied and intermediate tenures in newly-built housing? The state of course hoped to maintain construction in all sectors in face of the financial crisis. But, at least partly, the reason is also that a radical change took place and the big, key developers of social housing changed their business strategy. The non-profit cooperatives and corporations that were established in the post-war era, were turned into listed companies and have since simply become rentier capitalists among others. Their main shareholders are domestic and international banks and investment funds. Developing subsidised housing that can be rented charging the market rent and sold off after a few years is more profitable than developing social rental housing. The Ministry of Environment has found so-called non-profit housing cooperatives even charging rent above the market rent. Meanwhile, the production of “normal” social rental housing has been left on the shoulders of municipal organizations such as the Helsinki Housing Production.

Today, housing provision is mostly a responsibility of the private sector and it is once again the responsibility of individuals to acquire housing in the housing market. If buying housing is not possible, individuals are expected to rent a dwelling from private landlords. In recent years, the state has paid nearly two billion euros annually in housing benefits in order to help people to pay the market rent (Social Insurance Institution of Finland 2018).

Since 2008, as Fields and Hodkinson (2017, 3) write, “the reassertion of housing privatization policies alongside welfare state retrenchment” have produced “greater precariousness of work, income, and shelter, while boosting the power of rentiers to extract unearned income from property and land ownership.” In Finland, the total amount of social housing units today is decreasing. This is because social housing is being privatized to the extent that newly-built, municipality offered social housing will not make up for it<sup>4</sup>. In housing studies such a decrease in social housing is called “residualization”. In the UK, Margaret Thatcher’s Right to Buy (RTB) policy enabled tenants to purchase their council house apartments and become homeowners. A large part of the highest quality public housing stock was sold off to the private market. What remained was the residual; poor quality public housing in peripheral housing estates. (Forrest & Murie 1983; Harloe 1995.)

<sup>4</sup> State subsidized social rental housing is restricted to remain social rental housing for 20 to 45 years. After that, it can be sold or rented according to market price or rent. The restrictions on a large part of the social housing stock are now coming to an end. For instance, between the years 2010 and 2016, 150 243 housing units were freed from restrictions while the amount of new social housing units developed was only 55 259 (Statistics of the Housing Finance and Development Centre of Finland). For example VVO, one of the housing companies that developed a great amount of state subsidized housing, has established a subsidiary called Lumo-homes. Lumo is now renting out previous social housing apartments for market rent.

Residualization has received various definitions. In addition to the falling amount of social housing, low income tenants are occasionally referred to with the term residualization. According to Malpass and Murie (1982, 174) residualization describes a process “whereby public housing moves towards a position in which it provides only a ‘safety net’ for those who, for reasons of poverty, age or infirmity, cannot obtain suitable accommodation in the private sector.” However, when used this way, the term “residual” does not only refer to the stock of social housing, but also to the people living in social housing. Lee and Murie (1999, 632), for example, write how in the UK “the social composition of [the council housing] sector has become more and more residualized.” To say that the “social composition residualizes,” is to allude that the social housing tenants are a residual, an excess or left-over once the market has selected those capable for a normal housing career. It is to insinuate that, as Crouch (2017, 3) puts it “social housing tenants are the unwanted residue of a pre-neoliberal past” (also cited in Harvey 2018, 452).

This article, however, refrains from extending the use of the concept of residualization beyond describing the falling amount of social housing due to privatization. To explain the process through which social housing in Finland becomes social service housing only for special groups, this article suggests the concept of “specialization”. Unlike the concept of residualization, specialization does not assume market allocation as a norm or refer to social housing tenants as a residue. Instead, specialization explains why social housing becomes a social service and changes from a universal tenure to one only intended for special groups.

So far, this article has explored the wayward travels of the term special groups, originally used in the parlance of institutional care, then in the 1970s introduced in the lexicon of social services and then finally adopted into housing policy jargon. The rest of the article is dedicated to analysing two questions. First, who belong to special groups and what is so special about them? And second, how is the allocation of social housing to special groups justified? These are both empirical questions and to answer them, let us now turn to an analysis Finnish housing legislation and policy documents and interviews with housing policy authorities.

### **What is So Special About Special Groups?**

The term special groups was officially added to housing legislation in 2004, with the introduction of The Act on Subsidies for Improving the Housing Conditions of Special Groups (*Laki avustuksista erityisryhmien asunto-olojen parantamiseksi*) – henceforth referred to as The Act – which prescribes state subsidies and grants to the developers of housing for special groups. The Act defines special groups as groups with “special needs”. According to The Act, these are people,

- 1) whose housing conditions are bad and income exceptionally low,
- 2) who require more support services than usual,
- 3) for whom, in addition to support services, the provision of housing requires significant spatial or technical arrangements in the building or

apartment, 4) whose substance abuse, mental health issues or other comparable problems have caused long term homelessness, 5) whose handicap sets the building or apartment exceptionally challenging or expensive requirements.

Today the Finnish Environmental Administration, which is responsible for guiding and developing land use policies and housing policies, including policies on social housing, also distinguishes a number of special groups who should be allocated social housing – the homeless, refugees, students, people with substance abuse and mental health problems, the disabled and those elderly people who suffer from memory disorders or weakened physical condition (The Finnish Environmental Administration 2018).

The Act defines special groups by so-called special needs. The Environmental Administration defines special groups on the basis of characteristics of people. The problem with the legal definition provided in The Act, is that to be able to identify special needs would require some standard, with which these needs are compared. Whose needs are the needs listed in The Act special compared to? In other words, whose needs are not special? And the question that should be asked of the Environmental Administration's definition is what are the common features of people categorized into special groups that warrant the allocation of social housing?

To answer the first question – whose needs are not special – the case of disabled people, one of the “special groups”, is illustrative. Disabled people may only be called people with “special needs”, by contrasting their needs to those of the non-disabled. When it comes to housing disabled people, the apartments require arrangements that help entering or moving about in the apartment – adjustments that non-disabled do not need. The disabled person is deemed “special” based on a need that a non-disabled person does not have. The person with a disability is singled out based on the perceived impairment. According to Stewart et al. (1999, 5) this dominant view of disability as individualised social limitations depicts said limitations as an outcome of a person's physical, intellectual or sensory impairment. “The individual model of disability constructs cause [of disability] as residing with the ‘impaired’ person [...]” However, the disadvantages and deficiencies faced by people with physical impairments may also be understood not to be the result of individual impairment, but the result of modes of discriminating social organization (Stewart et al. 1999). For example, the inability to access a dwelling in a wheelchair, it may be argued, is not caused by an injury that made a person unable to walk, but by the failure to design dwellings that are accessible to everybody. But the view of disability as special needs, which as Allen (1999) notes places the cause of disability in an individual's functional incompetence, has been widely accepted.

The depiction of social housing tenants as special groups resembles this view of disability as special needs. Residents who cannot afford to pay the market rent are singled out and labelled “special” as opposed to the “normal” people who manage to buy or rent housing on the market. The legal definition of special groups suggests

the need for affordable, quality housing to be caused by individuals’ deficiencies. The Act reproduces the individualizing discourse of special groups and ignores underlying failures of social organization of housing provision. The fourth criterion of special needs under The Act – “people whose substance abuse, mental health issues or other comparable problems have caused long term homelessness” – is revealing of the approach to homelessness in Finland’s legislation on social housing and housing policy. To say that substance abuse and mental health issues *cause* homelessness is to blame the already marginalized individual for their lack of home and depict it as a special need. Social rental housing is specialized into a social service for the marginalized. This policy approach was reflected in the interviewed officials’ understanding of social rental housing. A land use official from Helsinki talked about the deliberations that go into deciding how the city allocates land for social rental housing:

We discuss how much social rental housing can be allocated in different areas. Like, how resilient the areas are, meaning how many higher income people there are. And how much an area can shoulder the placing of challenging folk in that area.

Inscribed in the very approach of the city, this land use official suggests, is the idea that introducing social rental housing in an area is the same as introducing “challenging folk.” Tenure prescribes the social status of the resident. Living in social rental housing means that the resident is viewed as a burden, an expense, a challenge and a deviation from the normal, resilient, self-sustaining consumer of the private housing market.

While the term special needs in The Act individualizes the problem, the extension of the term special groups by the Environmental Administration is indeterminate. Clapham and Smith point out this very problem in the UK - where special groups are called “special needs groups” - and write that “the precise groups considered to have ‘special needs’ varies considerably and can include almost everyone” (Clapham and Smith 1990, 194). Similarly, the definition by the Finnish Environmental Administration lists so many people under special groups that it becomes easier to define who does not belong to a special group. The officials and civil servants understood the term special in terms of its opposite, what they called “normal”. And normal, it turns out, is not too difficult to define. For example, an official at the Real Estate Department of Espoo, the second largest city in the Helsinki Metropolitan Area, made a distinction between normal people and others:

We have focused on three groups: young people, immigrants and the elderly. These are the large groups that the city needs to pay attention to and guarantee a good life and a good community for. Then you have the normal, working population who take care of themselves. They don’t need public assistance.

Normal is used for people who can pay the market rent, or “take care of themselves.” The 19<sup>th</sup> century distinction between the normal working person and the pauper still

seem to persist. Included in this distinction is the contrast between responsible owners or private sector tenants, and tenants dependent on social benefits, or as the official from Helsinki put it, “the challenging folk”. As in the UK and Australia, there is a tendency in Finland’s housing policy rhetoric to promote a “narrative which stigmatizes social housing as ‘not for normal people’” (Fitzpatrick and Pawson 2014, 612). Just as during the Poor Law of 1922, in today’s housing policy “normal working people” are expected to house themselves. Social housing is seen as a social service for special groups, people without “market competence” (Haila 2015, 285). A recent housing policy report by the parliament’s Audit Committee (Antikainen et al. 2017) calls people who cannot afford market rent in Finnish *asuntomarkkinoiden väliinpuotoajat*, a nonsensical word which directly translates to “those who fall between housing markets,” but really is used in the report to mean “housing market losers.” Specialization enforces the received wisdom that social rental housing is merely a social service for the losers of the housing market.

If social rental housing allocation is limited to individuals deemed special, it then follows that a person living in social rental housing must also accept the label of special. Clapham and Smith (1990, 197) have noted that to ask people to adhere to special groups to get their needs satisfied means subjecting them to stigmatizing labelling “because ‘special’ is largely a euphemism for ‘abnormal’, and it betrays the uncritically held assumption that the needs of anyone without an ‘official’ frailty, handicap, disability or learning difficulty can be satisfied through the ‘normal’ workings of the market.”

The term ‘special groups’ is a way to distinguish between those seen as abnormal and those as normal, or those who fail to comply with the market rules and those who do not. It diverts our attention from housing inequality to individuals. The term renders the inability to cover the market price of housing a special condition of an individual, when in fact the problem is the unbearably high housing cost caused by the commodification of housing (Madden & Marcuse 2016), land rent maximizing behaviour of speculative developers (Haila 2016) and entrepreneurial public real estate policies of municipalities (Hyötyläinen & Haila 2017). The rationale of social housing is deliberately reduced to that of alleviating the symptoms, not fixing the actual problems. Social housing is provided only to those who are incapable of buying or renting on the market and the social housing itself is regarded a social service. It is reduced into a special good for special people to satisfy a special need. Circumscribing social housing policy in this way is here called the “specialization” of social housing. Let us now look at how specialization is justified by the authorities.

### **“Affordable Housing is Only for Those Who Need It”**

Since 2004, the proportion of normal rental out of all new social housing development has been lower than the proportion of housing for special groups (see Figure 1). As was explained above, during the early 20<sup>th</sup> century, publicly funded and managed care homes and institutions provided a combination of dwelling and

assistance for the elderly and the disabled. Since the 1970s, the ideal of independent living challenged institutional care. Deinstitutionalization in the name of this ideal in Finland (Haila 1994) and elsewhere terminated mental hospitals, elderly homes and institutions for the disabled, sending patients to live on their own. For the elderly and disabled in Europe, Italy was at the forefront in the early 1980s debating the closing of hospitals for people with mental health problems (Means 1996). Independent living has been argued to give people more control over “how, when, where and by whom the tasks of personal assistance are undertaken” (Stewart et al. 1999, 6-7).

Critics pointed out that independent living is also used to justify cutbacks in institutional care and may worsen the condition of the patients. In the UK, Oldman criticizes the whole concept of independent living and she writes “independent living to the government means persuading people to stay at home supported by relatives” (Oldman 2003, 53). In Finland, Vesanen (1991) asks whether outpatient care is primarily a way to save public expenses and points out that without proper funding, the patients who previously stayed in institutions risk being left on their own. And indeed, cutbacks in expenditure on institutional care facilities in Finland have been and are still being made at the same time as independent living has become a policy objective. For instance, the City of Helsinki suggests cutting costs for institutional care for seniors, psychiatric patients and people struggling with addictions, children and the disabled (The City of Helsinki Budget Plan 2018-2020).

Meanwhile public care has not been able to support independent living of outpatients because of budget cuts, social housing has become a key instrument to reach the objective of independence. In 2008, the government stated that “to improve the housing situation of special groups and to increase housing provision more money is to be spent especially to increase the housing supply for the weakest groups. When the housing situation of the weakest groups improves, it is possible for the public sector to make significant savings in social and health expenditures as the expensive institutional care is decreased” (The Government Housing Policy Program 2008, 8). This is one example showing that the government’s short-term investments in developing special groups’ housing was ultimately justified by the long-term savings it would bring in public expenditures. Municipalities have followed the government policy. The municipal housing authorities explained that municipalities have reduced their production of normal rental housing, and people previously in care homes and institutions are now housed in special groups’ social housing. A housing authority from the City of Pori explains:

This happened maybe eight years ago. Before that they [social housing for special groups] were owned by the city, they were more like institutions. Now they are no longer institutions but rental apartments, like old people’s homes, they are owned by this real estate company and rented out to people.

In 2017, ARA reserved €92 million for development and improvement of special groups' housing. According to ARA, the money is intended for "developers carrying out projects that facilitate the change from institutional care to independent living" (ARA 2017). In line with the government's housing policy, an interviewed official in the City of Espoo did not shy away from speaking about the economic benefits of promoting independent living: "It's a question of municipal economy, we should really invest in people being able to live at home for as long as possible. We will save a tremendous amount of money."

Social rental housing is substituting for institutional care, meanwhile it serves the working population less and less. For municipalities, specialization of social housing is justified with the savings on social and health care costs. But this new type of social housing benefitted also rent-seeking developers.

When developers build social housing, whether special or normal rental, they are entitled to interest-subsidised loans. For special housing, an additional investment subsidy is granted by ARA. The amount of the investment subsidy depends on the type of tenant the housing is intended for, and the amount of subsidies increases as the number of "exceptional arrangements" increases. As market interest rates have been low in the 2010s, developers welcome and prefer investment subsidies to interest subsidized state loans. This was the case in the City of Tampere, where interviewees reported that about 70 per cent of their state subsidized housing development is for special groups and only 30 per cent for "the normal people". An official in the Housing Department of Tampere explains:

The developers building for special groups get a much larger subsidy from the state, free money for building. There is not the same kind of interest in developing state subsidized, normal rental housing [...] because the state subsidy for normal social rental housing is so low, it doesn't bring a competitive edge.

Also, in the City of Turku, interviewed officials told that developers who build normal rental housing seemed to have disappeared. The non-profit associations have begun developing housing for special groups instead of rental housing: "It's a fact, there hasn't really been any development of basic, affordable social rental housing in recent years. It has been mostly these special groups' sites that are developed." The development of housing for special groups has been a lucrative opportunity for non-profit housing associations that have become political rent-seeking speculative developers. The interviewed authorities gave the impression that the development of housing for special groups has become a way to milk government subsidies for private housing development, as special social housing can be sold off if it can be shown that it is no longer needed. A civil servant in the City of Oulu expressed her distrust in developers building for special groups:

Trends emerge in building. Ten years ago, it was students, then housing for the elderly. Now the most recent trend is housing for disabled people and mental health patients. And of course, these projects easily get ARA funding. I’m very sceptical about this. I think this is just developers’ elbow tactics, saying that we are doing this for the mental health patients. Then they keep that housing for that purpose for a couple of years and realize that “oops, there isn’t so much need for such a type of housing” and then they sell or rent it to outsiders and eventually the housing ends up in the private market.

The Act stipulates that social housing for special groups must be in use by special groups for 20 years before it can be sold off. And all ARA subsidized social rental housing should remain social rental for at least ten years. However, The Act states that ARA can exempt the developer from these restrictions by request if the developer can prove that the special group no longer needs that housing. Clause 11 of The Act states that “upon application and on terms set by it, the Housing Finance and Development Centre can grant an exemption from the restriction for use related to the grant if the persons belonging to the designated special group no longer have housing needs in the locality, or for other special reasons” (Finlex 2018). The “other special reasons” are not defined.

The civil servant in Oulu suspected that developers apply for more state subsidies than they need to build special groups’ housing. Applying the concept of “manipulated rent” (Haila 2016) – rent created by lobbying behaviour – we can suggest that developers’ interest in building social housing is but an interest in extra profit. A Ministry of the Environment report (*Selvitys ARAn erityisryhmien asumisen investointirahoituksesta ja palveluasumisesta* 2012, 33-34) on ARA investment subsidies for special groups’ housing, comes to explain how this opportunity for manipulated rents arises. To apply for state subsidies, the developer who intends to build special groups’ housing needs a statement of verification from the municipality’s social and health authorities, declaring that there are special groups in need of housing. With the good intention of ensuring the rights of special groups, these authorities are prone to signing statements that exaggerate the housing needs of local special groups. How commonplace this is and to what extent developers are in fact lobbying the social and health authorities on special group’ needs, however, will require further investigation.

The goal of Finnish housing policy is not to extend the provision of partly de-commodified, affordable social rental housing but to those who are deemed special groups. The comment of an official from Espoo makes painfully clear the wide acceptance of social housing as a social service for the needy:

The number of people on waiting lists for social housing has grown in recent years. But it’s likely so that if we had unlimited supply of affordable housing then there would be an unlimited number of



people coming in. And it's not meant [for all], it's meant for those who need it.

To give the disabled and the elderly a possibility to live at home is a noble goal. But the trade-off should not be to force the resident to accept the status of abnormal. The specialization of social housing means, that only the membership of a special group entitles one to affordable, social rental housing. The expectation is that the housing needs of most people are satisfied on the private market. What is more, the origin of the concept of special groups in social care still resonates. It forges a gap between people, based on housing tenure. The inability of the housing market to provide universal affordable housing urges us to find an alternative solution to the housing question. But specialization disrupts any search for alternatives by framing the demand for affordable dwellings an individual need brought about by some personal deficiency and hiding the structural roots of the housing question.

### **Towards a Transformative Housing Policy**

International housing scholars have identified the processes of *normalization* (Gurney 1999) of owner occupation, the *responsibilization* (Stonehouse et al. 2015) of housing provision and *residualization* (Lee and Murie 1999; Malpass and Murie 1982) of the amount of social housing. This article identified and explored a fourth process, that of social housing becoming a targeted tenure for so-called special groups and suggested calling the process *specialization*.

To understand the process of specialization, the origin of the term special groups in Finland's housing policy was investigated. The term was found originally used to refer to institutionalized patients. Since the 1970s, the new ideology of care recommended independent living for institutionalized special groups. As the state began cutting funding to municipalities, municipalities were forced to cut their expenses. Institutions of care were identified as a suitable target for cutbacks. Subsidized housing and care at home turned out to meet both aims; independent living and municipal frugality. Social services and housing officials began working more closely and the fruit of their work was the invention of "social housing for special groups" (Taipale 1982). Since 2004, the majority of newly built social rental housing has been housing for special groups – social housing has specialized.

The term special groups is now part of the vocabulary of housing policy. This article showed, how contemporary housing legislation and policy define these so-called special groups. The definition was found ambiguous, and the term can refer to almost anyone. The only thing in common for individuals classified as members of special groups is that they cannot afford to pay the market rent for housing. This naming can be seen as a form of symbolic power, used to normalize the housing provision through the private market and justify specialization of social rental housing. The original use of the term special groups in the field of social and health care resonates, it makes housing unaffordability seem like a personal problem or a shortcoming of the individual, while hiding the failures of the housing market to provide universal, affordable housing. As individuals are deemed responsible for

acquiring housing for themselves, authorities are released from political and moral responsibility and those who benefit from commodified housing are free to continue their business as usual.

From the perspective of the “market capable” such an interpretation may induce distancing from the special groups seen as “the other”. In recent studies market-rate residents have been found to express fear and distrust of and contempt for lower-income neighbours based on the neighbours’ social housing status alone (Thurber et al. 2018). This enquiry into Finland’s housing policy further suggests that specialized social housing may come to stigmatize both the tenure of social housing and its residents. There is a danger that stigmatized tenants with their stigmatized tenure, come to stigmatize also the neighborhood in which they live. Further, serious research should be conducted in Finland and beyond regarding the role of policy language in the territorial stigmatization of social housing estates and neighborhoods.

The goal of specialized social housing is to provide a social service to alleviate the hardship of those who cannot satisfy their housing need on the market. It is an example of policy as an attempt to treat the symptoms, not fix the cause of the housing question (Marcuse 1989). Such policies are what Fraser (1995) would call “affirmative” policies. They try to correct “inequitable outcomes of social arrangements without disturbing the underlying framework that generates them” (Fraser 1995, 82). Finland’s housing policy affirms the dominance of the private market in housing provision, enforces the residents’ dependence on private developers to continue producing housing as a commodity and allows for the strengthening grip of rentier capitalists over housing in Finland. Social rental housing is increasingly viewed as a social service, an attempt to remedy the inequitable outcomes of this arrangement. Of course, as Haila (2015) argues, the idea that social housing is only a social service, is a myth. Social housing could as well be a universal tenure for all classes. In Singapore for instance, in 2013 82% of the population lived in public housing. It is the market provision of housing and the commodified form of housing that are exactly why housing is a cause of daily struggle for so many. The idea that social housing is a social service is a useful myth for those who profit from housing as commodity and whose priority is land rent maximization instead of the residents’ right to affordable and adequate housing.

The point of criticizing the specialization of social housing provision is to criticize the policy classification of those in need of affordable housing as special cases, and to criticize the assumption that solving such special cases is all that is required to solve the housing question. The perpetual repetition by housing authorities that social rental housing is only for special groups, risks gradually transforming the arbitrary policy into a common sense (Bourdieu & Wacquant 2001, 3). Radical housing scholars should question this common sense and highlight instead that the need for affordable, adequate housing is a universal and very *normal* need. The failure of the private housing market to address this need compels us to look for alternatives to the private housing market and formulate “transformative”

housing policies, or policies that attempt to correct “inequitable outcomes precisely by restructuring the underlying generative framework” (Fraser 1995, 82).

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