

Housing association objectives need to be under the same roof

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Abstract

Purpose - Housing associations make too small a contribution to society, the government has to step in too frequently because of maladministration, and the associations' executives are often unaware of the far-reaching impact of their decisions. These are the conclusions of new academic research conducted by Jan Veuger of Rotterdam School of Management, Erasmus University (RSM). In his dissertation, he asserts that in numerous cases there is no correlation between social and financial objectives. The Dutch House of Representatives debated the results of the report *Ver van huis* from the Parliamentary Committee of Inquiry on Housing Associations in early December 2014.

Design/methodology/approach - After extensive exploration of the literature and PhD studies on the period from 2005-2009, the research design inspired based on the grounded theory, which has a certain bias as a result of the extensive literature study. In the line of thinking of the grounded theory, interviews with directors more or less contracted uninhibited according to a narrative method. Afterwards these interviews, independent of the researcher, thematic and labeled by a single Delphi method be submitted to an expert group which created a storyline. The results of this Delphi method have been submitted to a peer group of directors. Then these conclusions in a survey presented to 60 selected directors and the subsequent conclusions. There has thus been more than a triangulation of research than just interviews, Delphi method and survey. Hypotheses are thereby omitted because of the difficulty of fitting in within the chosen research design inspired by grounded theory.

Findings - Why this qualitative thesis 'Control of housing associations in consistency with social values'? To understand and to discover patterns about the how and why of the functioning of corporations in society as they do now. This qualitative study is about the search for ideas, backgrounds, motives, resistors and motives and is therefore suitable for the following question: witch contradictions are there in the social values that underlie housing associations that affect the way the are governed? The overall summary conclusions to answer the central question is: *Directors, at the highest level thinking about how to deal with values ensure they drive on their own, monitor, know the consequences and take responsibility.*

Research limitations/implications - At his request Stef Blok, Minister for Housing and Kingdom Relations, has received the thesis *Material Immaterial* (Veuger 2014) on December 4, 2014. On December 11, 2014, the Minister decided to change its proposed policy through the establishment of an inspection model in which the financial and social objectives of the corporations are tested and assured, with the Minister as the final responsible. The parliament has unanimously agreed.

Originality/value - My contribution to science is also showing patterns of Board behavior, whether or not in conjunction with societal and financial values of housing associations. This has not been previously investigated or established. This contribution complements include studies on culture of housing associations (Dreimuller 2008 and Sinke 2014) or only driver behavior (Heemskerk 2013) or history of housing corporations (Beekers 2012) or about the behavior of housing associations (Koolma 2009).

Keywords Control – housing associations – social values – consistency – responsibility – Corporate Real Estate Management (CREM) – effectiveness – efficiency – organization – board - Netherlands

Introduction

Why is this qualitative thesis 'Control of housing associations in consistency with social values'? To understand and to discover patterns about the how and why of the functioning of corporations in society as they do now. This qualitative study is about the search for ideas, backgrounds, motives, resistors and motives and is therefore suitable for the following question: which contradictions are there in the social values that underlie housing associations that affect the way they are governed? Sub-questions are: (1) Can social objectives be so arranged that the underlying values these make transparent, (2) What is that social enterprise housing, what is its role in society and what is its social property? (3) How can values and orientation of corporations be assessed socially relevant based on the criteria?, (4) How the Board now controls in practice, it makes use of management models and are theories of Corporate Real Estate Management (CREM), derived from the commercial sector helpful?, (5) Is there a solution for innovative control of housing associations? and (6) Is it possible to get insight into control questions about social property? '.

Methodology

Methodical over a period of five years of literature, ten years of stakeholders, instruments and behaviour and a hundred years of housing corporation history, the developments in the field of value thinking and the governance of housing corporations have been studied. This qualitative study with a positivistic approach of values and governance of housing corporations has answered the research question 'What social values underlie social housing and are there contradictions that affect the control of a social housing corporation?' The grounded theory is the research method chosen as a line of thinking, because that method emphasises the generating of theory-based data. Because it is flexible, it enables us to highlight questions that have not been asked before. These questions have been evaluated by the process within which the theory of this study has been constructed.

Process of this study

This research is inspired by grounded theory which follows an inductive method for the development of that theory. This process of gathering data about thinking in values and control begins with open coding - a combination of the concepts of values, control and corporations - from data in the literature in the field of opinion and scientific research over the period 2005-2009. The found fragments are then reduced to a number of concepts such as those examined in the relevant chapters. By the interaction of comparisons of concepts creates a smaller number of concepts which different dimensions can be granted. This continues up to a certain saturation process. Due to related concepts develops a theory that flows into a storyline. This storyline is accompanied here and there with tables and charts for a rich presentation of evidence and a clear statement of arguments.

The final result of this study is a description of missing control and supervisory issues, which is built around the accumulated and saturated core concepts that explain certain events. Through this methodology insight is obtained into patterns and processes. This makes clear how a group of people through their social interactions, define their reality and acting. It is not the guiding theory, but the practice to which research is conducted. The choice of this theoretical research was made because the research question requires insight into missing command and control questions. The answer need not be

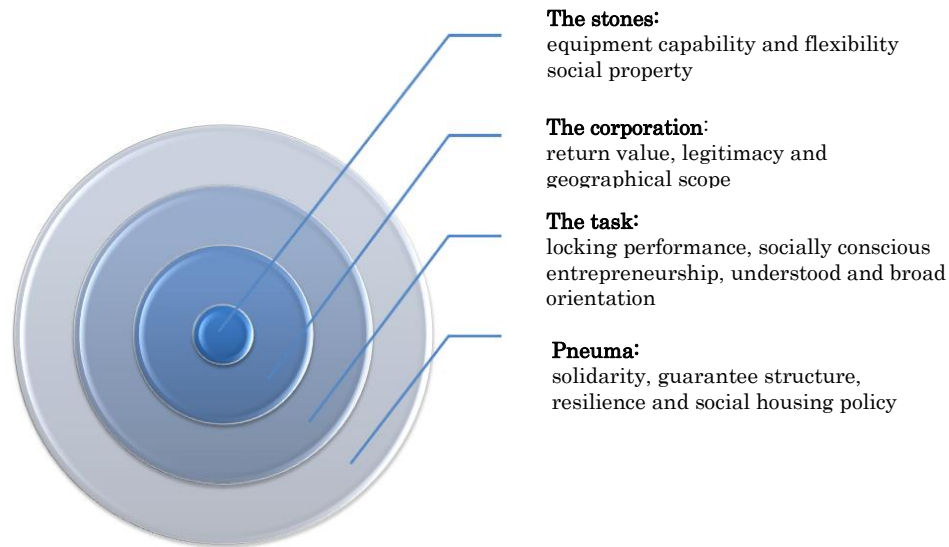
found in the existing practice or theory, but is in not asked questions that may provide a solution in the area as Einstein describes this as "The real problems cannot be solved at the same level of thinking, in which we were when we created them". The power of the grounded theory is that it is detailed in the descriptions of the method of data analysis and provides an anchoring capability and accountability of the research design. Sets the difficulty of validation and generalization can be parried. Later on the research is done and additional literature research findings will be confronted with the insights from the theory. By this method of constant reflection additional insights flow into the analysis; the dialogue between theory and practice and enhances the consistency of the description of this research with the aim to understand. The process of this research is carried out from step to step, wherein in each step validity is ensured. The different phases, with underlying steps of this study are inspired by Pandit (1996).



Theory: Planning as a possible solution

The Explanatory Notes to the Housing Act 1901 (Papers from 1899 to 1900, 74: 8-9) shows the conviction by the government to arrive at legal measures for public housing. Especially in the social policy is assigned a prominent place for the housing problem at that time by all parties. The recognized importance of public health, morals and material living standards are closely related to public housing. The government at that time also comes to the economic position that can provide the Netherlands with social and manageable security. The government signaled then that they would not be able to provide any decent housing, but they could contribute in various ways to improve the conditions. She recognized that while the state of the circumstances then were mainly in five areas: the ability to rent houses continuously harmful to health; the slight affection for improvement of housing; the construction of fragile homes that do not meet basic requirements; inadequate (good) construction and insufficient financial wealth where many were forced to take the bad with pleasure. National Treasury is also recognized as important for the nation's public housing interests. The government has also indicated its vision and role they should have in the task that they have to set the objectives. In the Explanatory Notes to the Housing Act 1901 (Papers from 1899 to 1900, 74: 10) is this described extensively. In 1956, leading up to the draft of the new Housing Act, the public opinion requested by the Commission Banning. It is recognized that the human being is an individual, and operates within a social environment and that the corporation is also responsible for the social needs of others. There is also drawn a parallel with the Four Phase Model of Hardjono (1995). It can be assumed that private initiative can be regulated by the government by establishing frameworks and preconditions. This connects to the value model of public housing in the Four Phase Model. The anchoring of private initiative can take place by allowing organizations in this field that not only operate in the interests of public housing. Private construction and rental of housing, under normal circumstances, are not subsidized. Facilitating private housing for own use, in the form of wealth creation, is partly housing interest.

Figure 1: Planning social housing (Veuger 2014: 154)



The stones as value driver is the material assets consist of the possession of social property and motivators like recognition and acceptance. Flexibility of the stones is in the manufacturability which is flexible and will remain.

The organization corporation as a value driver in the first instance by its geographic position and scope. The values assigned to a corporation on the basis of the capitalized results, its return value. Capitalized results are the proceeds of a given period to the value of the money that is involved.

The task is about the performance of the corporations are secured, with conscious social entrepreneurship is an important value driver. Being able to hear what the environment - understanding - with a broad spectrum of interests.

Pneuma is leading in the principle of solidarity as enshrined in the constitution. Assurance that the housing is good or works within a structure is a float value which they can stand up for themselves (resilience). Another value driver is the independent social housing policy that is about affordability, quality, and increase availability.

Power en money are leading

So in this thesis values have been studied in relation to social real estate. The social real estate as an object constitutes material value. This material value is necessary for the commercial capital of the corporation, which uses it to administrate the social real estate and to form the organic value. The social real estate has become a precondition for the functioning of the corporation, the social value. Remarkable in the relation between social real estate and the corporation is that they can exist independently from each other, but the corporation cannot function without social real estate. Social real estate retains its values without the corporation, but not the other way around. By implementing all this an intellectual value originates in its entirety. Corporations create social value by consciously allocating means for social objectives and they want to keep, innovate and repair them. However, the corporation governor appears to stick to his own acquired capital(s) and does not allow himself to be influenced much. When observing the capital behaviour within the organisation we notice that the investment behaviour within

the corporation generally conforms to the personal behaviour of the governor. Performance indicators such as power and money, whereby the governors do not allow themselves to be influenced by the present financial crisis, are leading in this.



Not a new organisation infrastructure

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A new organisation infrastructure is not the issue here, but especially a better effectiveness, efficiency and financial position, fed by the *pneuma* – working in the spirit of – to realize the mission of the corporation. Its implementation and the rationale of the corporation can be found in a more offensive cooperation, by new forms of mutual solidarity and by governing on the added values of the corporation. In the improving of the governance of the mutual solidarity three subdomains can be distinguished: (1) the housing of the primary target group, (2) investing in the living and dwelling area and (3) contributing to the socio-economic development of neighbourhoods. The corporation also has three balanced values: (1) the fixed value (continuity), (2) the directive value (initiator) and (3) the potential value (the mutual influence of neighbourhood quality and real estate value translated into social and financial value. Therefore the financial position, the effectiveness and efficiency are important in the mission definition. The goal then is not the maximisation of the financial value but the maintaining of an acceptable minimum of the capital. A more conscious governance on social profitability has become a basic condition for efficient and effective practice. The effectiveness of housing corporations can primarily be considered a responsibility of the State and of local councils.

A competitive and a moral strategy

The board of the corporation should be organised in such a way that it is possible to survey the policy, to have focus and to govern on the objectives of the corporation by incorporating the lessons of Corporate Real Estate Management. Contrary to criticism on corporations they do professionalise, but the question is if they keep sufficient focus on the professionalisation being up to date. Otherwise chaos ensues. Why should we worry about all the instruments for comparisons and why cannot corporation governors quickly arrange this among themselves? The answer to this can be found in three reasons: (1) lack of quality and reliability of the information streams, (2) the non-guiding authorities and a perfect market mechanism and (3) the behaviour of the corporation which is not up to standards. It is noteworthy that an explicit evaluation of the realisation of objectives, related to previous objectives, is seldom measured. It could be supposed that we are not dealing with rationally governed institutions, but rather with a controlled chaos. However, by Corporate Real Estate Management (CREM) the real estate portfolio can be brought into line with the requirements of the core business of the corporation. This core business is not new. With this an optimisation of the added values of the result ensues. A real estate strategy based on values enables the corporation to engage in a competitive, but also a moral strategy. Lessons learn from Corporate Real Estate Management are listed in figure 2.

Figure 2: Lessons learn from Corporate Real Estate Management (Veuger 2014: 132)

13 Lessons	
1	Real estate can contribute to improving an organisation's social objectives.
2	A company-specific approach to creating value from real estate management makes a greater contribution to the company's objective.
3	Making the added value measurable is essential for the role as a real estate discussion partner in a company in which strategic decisions are made.
4	Becoming more flexible in the static nature of real estate and the speed at which society develops can be addressed by consciously thinking about the longer term. Decisions need to be taken in this regard that create opportunities for future optimisation.
5	Real estate interventions and effects reinforce the organisation's objective.
6	One of CREM's jobs is to formulate and implement an optimum solution.
7	CREM is playing an important role in reducing the burden of debt and building a dominant market position.
8	Sustainable competitive advantage compared to other companies is determined by three generic strategies that do not always go together: focus, differentiation and low cost.
9	Effects follow different eventualities and depend on the organisation's starting position and culture.
10	Cause-effect chains are unclear due to influences by several factors and performances are formed by complex end-means chains.
11	Real estate interventions depend on starting position and policy choices, in which context is subject to change.
12	A target-focussed company provides more consistent reasons for real estate interventions.
13	Collaboration is necessary in order to achieve social results, in which one monopolistic arrangement cannot deliver the benefit of values. Politics also has its own dynamics and interests that can cause rational considerations to disappear into thin air.

The future leadership of a corporation

The multidisciplinary character of social real estate management can be a bottleneck with the determining of observations that are important if they are not recognised and acknowledged. If an assignment and its measurability are not defined and organised, governability and taking officials to task over this will have no effect whatsoever. The time dimension influences value definitions from a historical context. Changes of value definitions affect the valuing and the thinking in it. Besides valuing depends on the person who defines and values quality of living environment. Real estate is a social reality with varying meanings for the people around it. It is a way of financing and valuing in the sense of usefulness. The orientation on change influences the innovativeness and flexibility of the corporation and various values. Orientation on change must be seen as proof that the corporation is capable of genuine innovation of the accumulated capital and of consolidating and increasing it. If it is capable of this it will lead to a richer corporation that will unite everyone with new developments and ideas. The future leadership of a corporation in the corporative world is not determined by its financial means, but by its ability to use those means for a particular purpose. But what would the consequence be if the monopoly position of the corporation sector were rescinded? Ethics is about values and value systems within a united company. Rank, position and power are important criteria and generally more important than money. But of course money is the medium to express rank, position and power. The financial, and therefore also the real estate market, is a market that exaggerates by irrational behaviour. Fear to 'eat

or be eaten' determines the mechanism of people. Financial, and therefore real estate markets are always unstable and always have to be regulated. The corporation should especially have a serving and not a dominant role. We all have different world views, and that is why regulation is important. Anchor points for this are: own capital, being transaction-driven and regulation of large players, in which the state should be a counterbalance.



The partial conclusions of this study are:

1. Improving the social objectives of the governance of corporations must be reflected in three sub-areas: (1) the housing of the primary target, (2) investing in the living and living environment and (3) contribute to the socio-economic development of neighbourhoods. In addition, its financial position, effectiveness and efficiency important.
2. Existing legal forms in themselves for the corporation do not truly prevent. Giving her The specific characteristic of the social property relates to (a) a building-related communication, (b) facilitating a need, and (c) provide for the needs of others from a certain recognized public interest.
3. Corporations are focused on creating social values by consciously allocating resources for social objectives and wanting to preserve these values, restoring and renewing. Social integration and organization of the sector are important in determining which behaviours determine.
4. The board controls in practice with control models, but not in coherence between financial and social returns, social trust, effectiveness and efficiency. CREM as a theory may play a role in the coordination of values.
5. Stories and performance are not connected with each other by the board. A possible solution for real innovation in the fourth age of housing associations, is planning in conjunction with social values.
6. The multidisciplinary nature of social property management is not a problem as definitions and observations are clear. Not mutually hard and soft skills do form a bottleneck in the overall control of a corporation and its accountability.

The overall summary conclusion

What would it take us as the monopoly position of the corporation sector is lifted? We know that we are now paying more, but corporations are also competent in their task. By taking more from the system also creates a more objective perception. Ethics is about values and value systems within an enterprise. But that does not mean we have direct full ethical behavior. Rank, position and power are important criteria and generally more important than money. Money is the medium rank, position and power to give. The financial and thus the real estate market is a market that exaggerates by irrational behavior. Fear of "eat or be eaten 'to determine the mechanism of people. Financial and real estate markets are always so unstable and they should always be regulated. The corporation should focus a serving and no dominant role. The low proportion of the capital makes the system work in the market. We all have a different view on the world, and therefore regulation of interest is needed. Anchor points therefore are own capital, control of transaction and regulation of big players, for which the State must form a counterbalance. The last summary conclusion can be drawn from previous sections of this chapter to

answer the central question. The overall summary conclusion to answer the central question: "are there contradictions in the underlying social values from housing corporations that affect the way they are governed?" is:

Directors, at the highest level thinking about how to deal with values ensure they drive on their own, monitor, know the consequences and take responsibility.

The research question has led to five propositions and its conclusions form the basis further in the three follow-up propositions. These three follow-up propositions deserve further attention for closer research into governability of corporations: the housing cooperative as a lever, the possible incorporation of Corporate Real Estate Management within a corporation and autopoiesis of corporation governors. The follow-up propositions are: (a) a cooperative form – embodied by the Seven Cooperative Principles (1844) – causes a collection of values in socio-economic developments, (b) a non-monopolistic position generates the future value of a corporation and (c) as long as autopoiesis of corporation governors exists this results in governance unchangeability. The community would be leader of the objective of public housing if we control the inner resistance of desire and power. Only this quest for excellence will not appear as an inorganic value, but focus on the pneuma of public housing through a coherent set of social values can advance public housing. Substance is therewith immaterial: material immaterial.

This science, built on facts, is like a house that is built of stones. And not like an accumulation of facts, like a heap of stones in the form of a house.

Scientific contribution towards the theory

The scientific contribution in respect of the theory of value conflicts is the following. The multidisciplinary nature of social property management is not a problem as definitions and observations are clear. Interrelated hard and soft skills do not constitute a bottleneck in the overall control of a corporation and its accountability. If a task and the measurability of it not defined and organized, controllability and addressing this has no effect. The dimension of time affects value concepts from a historical context. Changes affect the valuation of value concepts and thinking it. In addition, valuation depends on the person who defines quality of life and love. Real estate is a social factor with varying meanings for people around them. She is giving a method of financing and value in terms of utility. The orientation change affects the innovativeness and flexibility of the corporation and to different values. Orientation change should be seen as evidence that the corporation is capable of true renewal of the accumulated assets, consolidate it and multiply. If they can do that, that will lead to a richer corporation where everyone can put behind new developments and ideas. The future leadership of a corporation in the corporation world is not determined by the possession of resources, but it can focus those resources on a particular goal. In ethics is about values and value systems within an enterprise. Rank, position and power are important criteria and generally more important than money. Money is the medium rank, position and power to give. The financial and thus the real estate market is a market that exaggerates by irrational behavior. Fear of "eat or be eaten" to determine the mechanism of people. Financial and real estate markets are always so unstable and must be regulated. The corporation should focus a serving and no dominant role. Regulation is thereby trying to bring different images of reality together. Anchor points for this are: equity, transaction control and regulation of big players, for which the state should become a counterbalance. My contribution include studies on culture of housing associations (Dreimuller 2008) or only driver behavior (Heemskerk 2013) or history of housing corporations (Beekers 2012) or

only strategic (Nieboer 2009) or social inequality and segregation (Van Eijk 2010) or about the behavior of housing associations (Koolma 2009) to.



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The common thread in the curriculum vitae of Jan Veuger (1966) is strategic management of (social) property in the business and social housing. Jan completed his studies Master of Real Estate (MRE) in 2006 on a study on governance of social housing and consistency of quality instruments. He is thereby distinguished as best student MRE in 2006. Jan is the owner / director of CORPORATE © Real Estate Management, professor Public Real Estate at Hanze University of Applied Sciences Groningen, member of Committee or quality certificates in Quality Centre Housing Associations Rented Sector (KWH), supervisor at four various civil society organizations (130 to 2,000 employees) in the field of secondary education, youth and elderly. Furthermore he is foundation president at Quality Improvement Development Service organizations Netherlands (KOVON), Fellow of the Royal Institution of Chartered Surveyors (RICS), author of 13 (part of) books and 97 scientific and professional publications, 4 syllabi, 63 research reports and 90 lectured .