Governance and Social Housing: Can Good Governance Be Bad Practice?

Professor Terry Burke

Institute for Social Research, Swinburne University of Technology,
Australia

Introduction

This talk started out to be an academic analysis of the new governance reforms in social housing over the last decade. It was to be grounded in an appropriate theoretical framework, and build on the growing and important literature on the topic (Mullins 2002; Walker 2001, 2002). It was to provide examples from various countries consistent with the principles of accountability, transparency, client service, decentralisation, efficiency and flexibility that make up the rationales of good governance. Then I reflected on my own experience with the Australian housing system and the sometimes gaping chasms between the principles of good governance and the practice. So I decided to explore the notion that good governance can in many cases be bad practice. Of course, I realise that Australia may be different, but I suspect that some of the problematic issues are shared rather than unique to Australia.

By social housing I mean housing provided on a not-for-profit basis with management either by the state or by various permutations of not-for-profit or community agencies ranging from housing associations to cooperatives. In Australia, which has a federal system of government, most social housing is provided by state government agencies with a small community housing sector. The total social housing sector accounts for only 5 per cent of stock. By housing governance I mean the task of defining the roles, objectives and standards of a housing agency and setting in place the management and program structures that will enable it to effectively achieve them. This definition then begs questions as to what is the role of social housing and what are the appropriate goals and standards.

In the 1990s what we now call issues of governance were called the new public sector management reforms. There have been many attempts to categorise these (Osborne and Gaebler 1992; Pollitt and Bouckaert 2000; Ferlie et al. 1996; Hood 1995) but they broadly relate to changing traditional practices of government by bringing principles of the private sector to public sector or community governance, disaggregation to a smaller or lower organisational level, greater performance measurement within organisations, and greater emphasis on rules and standards. While these are the broad thrust of reform, the underlying intent may vary across countries and housing agencies within countries. The reasons for this are worthy of analysis in their own right but include the constraints and opportunities of different systems of government (for example, unitary versus federal), the scale of the social housing sector and its visibility to the wider society, the funding regimes in which it operates, the extent of perceived crisis in the social housing and wider housing systems, the degree of capture of governments by international management consultants, and the form of society, that is, whether market liberal, social democratic, corporatist or any other category we might like to use. Despite difference in the degree and form of reforms of governance, the existing literature and certainly the published documentation of housing agencies all suggest a degree of inevitability and rationality with better governance and with the assuredness of positive outcomes of a better performing and more flexible social housing system.

Good governance or policy diversion?

But is this the real story? In some cases, and I would argue this in the Australian context, a focus on governance is the last resort of governments and housing agencies that have run out of ideas or funds or both. Australia for the last decade or so has been experiencing worsening housing problems as measured by big increases in homelessness, declining affordability, falling home ownership, and large and increasing public housing waiting lists. The states, which are the providers of public housing, have faced an ever contracting financial environment as the federal government has cut funds for social housing and ignored all attempts to develop any semblance of a national housing policy (Tiernan and Burke 2002).

The response by the states has been to match the federal government in its neglect of wider housing policy and to focus on reforms of governance within the social housing system. We have had incessant internal restructuring of public housing agencies, with a focus on core business defined as helping those in greatest need, the development of a rigorous performance indicators regime, the adoption of new standards frameworks for both the public sector and the small-scale community sector, and associated micro-reform changes to allocation practices, eligibility, rent setting (market rents), arrears management and work practices, for example, putting housing workers into work teams and on contracts. Within the parameters of what they now have to do, that is, house those in greatest need, Australian housing agencies are very efficient. But from a wider perspective, that is, dealing with systemic housing problems, they are highly ineffective.

Moreover, while I suspect most of management within the Australian housing agencies could trot out the public and private sector rhetoric around transparency, accountability, learning organisations and client service, few could articulate a vision for social housing, articulate what the elements of good policy and long-term planning are, or offer an understanding of the national housing problem much more effectively than their equivalents in other departments whose responsibility is not housing. Governance is now a substitute for policy, and it is a very poor substitute

Governing away innovation

This is not the only downside of what is seen as good governance. In the Australian social housing context, innovation and entrepreneurialism have not quite been crushed but have certainly been stifled, and this is a very real risk in some of the practices of so-called better governance. Tying funding of social housing agencies to rigid performance criteria and a standards framework, which has been the practice in Australia for up to a decade in some jurisdictions, has prevented major financial indiscretions or corruption and it may have meant better service for many clients (not necessarily all), but my concern is that there is little innovation about new ideas for housing assistance, provision of affordable housing, linking housing with non-shelter outcomes or, at a micro-level, with local area initiatives in allocations, rent setting or asset management policies. It appears that a fear of moving outside the boundaries of the current performance and standard regime and the risk of being seen as not performing in terms of core business indicators, for example, filling a vacant property, housing the first client on the list, creates an attitude of no risk taking or innovation.

To a very large extent there is now a culture of system maintenance, despite all the evidence that the system is simply not working. Part of the problem appears to be that the legislation and procedures behind the new governance are designed to control rather than to enable. Perhaps some of this problem derives from the fact that, in Australia, the major social housing agencies

are large state providers rather than community housing providers such as housing associations. Government agencies are inevitably involved in a complex web of accountabilities both to the government and the parliament, as well as directly to the clients, other stakeholders and the community. They are therefore accountable for performance against the goals and objectives they have established. Being highly susceptible to attack if things go wrong, the tendency is to minimise risk to governments and state housing agencies by trying to control the organisational environment or other agencies they may fund, for example, community housing. Striking a balance between risk minimisation and enabling and innovation is a major juggling act in good governance.

System maintenance and staff morale

Reinforcing a system maintenance outcome is that an excessive zeal for governance, parallel with a neglect of systemic problems, creates a reform-weary workforce, many lacking trust in management, confused about their roles and uncertain about the future of social housing. An emphasis upon governance too often means organisational restructuring with new departmental boundaries, new reporting lines and changes of management, many of whom have to compete for their old jobs. In many cases the benefits of the restructuring are taken as self-evident, with little attempt to explain the reasons to lower level staff and with senior staff often having their own interpretation of the restructuring. And if there have been a host of previous restructurings where part of the objective was cost saving through staff retrenchment, subsequent restructurings are treated with suspicion and cynicism. This is particularly the case if staff at the coal face can see no evidence that it will address the problems they are confronting daily, such as increased waiting lists, rejection of clients and unsustainable tenancies.

In some cases, organisational restructurings create mixed messages for staff. A major aim of any restructuring is of course to translate strategic objectives into better performance or outcomes around the key areas of finances, client service and asset management. Unless well thought out and implemented, contradictory performance objectives can occur, creating confusion among staff and latitude for them to make their own interpretations of the change. The most obvious example in the Australian context is that of being asked to be more commercial (interpreted largely as cost minimising practices) at the same time as being more client focused. How does a worker deal with arrears situations in this context? Do you evict and prevent debt worsening as well as send a signal to other tenants for more responsible behaviour or do you, at an additional cost to the system, work with the client to see why they are in debt and try to broker a solution that will retain the tenancy?

All this means that too much emphasis on governance and the changes that go with it can be a mechanism for creating tensions between staff, between management and staff and between staff and clients. In this context it is not difficult to see the emergence of a culture of system maintenance.

Missing the point: The costs of targeting

One organisational reform that appears to be shared across social housing systems (perhaps excluding Kong Kong) is greater targeting of clients, although targeting means a very different thing where the social housing system is, say, 40 per cent of stock in the Netherlands or Sweden compared to 5 per cent in Australia or 3 per cent in the United States. Where the stock is very small, targeting in effect means concentrating allocation not on low income or the poor per se but on those who are poor **and** have multiple disadvantages, for example, drug dependency,

intellectual disability, psychiatric illness or domestic violence. This then requires reconceptualising the social housing agency's role and function, that is, the appropriate organisational structure for dealing with housing those in greatest need. With most new tenants suffering multiple disadvantage, just providing shelter is not enough, as they will require some form of support to maintain their tenancy, such as case management, financial counselling or rehabilitation programs. Managing such tenants not only changes the organisational culture, that is, how management and staff see their role, but calls into question where public housing agencies in particular are located in the structure of government. In Australia, historically, they had separate organisational existences as departments or ministries, or were in shared departments along with planning or infrastructure. They are now increasingly located within departments of health or human services, the rationale being that housing will be co-located with the health and disability service agencies that can provide the support to tenants.

One outcome of this is that housing agencies' roles are narrowed, and broader societal or regional roles of provision of affordable housing, addressing locational segregation, urban renewal, facilitating young households' entry into home ownership, providing a sustainable housing system, or monitoring and regulating the market to achieve efficient and effective outcomes tend to be forgotten or ignored. If governance is the process of defining goals and standards and establishing a structure and programs to achieve these goals, it is problematic if the defined goals are too narrow. The fact that Australia has few affordable housing initiatives or few levers to even create affordable housing is in part a problem of governance reforms, driven by targeting objectives, defining the housing issue too narrowly. It is a cautionary lesson to other countries going down the targeting path.

Governing for the organisation or governing for all?

Another contradiction of current trends is that related to organisational governance versus 'whole of government'. 'Whole of government' is the Australian and New Zealand equivalent of the United Kingdom notion of 'joined up government'. It is a philosophy of public sector management which requires governments to think and act more holistically, that is, beyond the boundaries of their functional area, in the delivery of better programs and policy outcomes. In the case of social housing, this could mean that the outcomes are not just a function of housing but of employment, health, criminal justice and education. Thus social housing tenants need to be involved in the economy (where relevant), be healthy, remain on the right side of the law and have good educational opportunities. Shelter alone cannot provide these conditions. To achieve these wider outcomes requires government agencies working with others in a cooperative and coordinated way.

But a focus on good governance **at the organisational level** can conflict with the achievement of processes to establish this more holistic approach. While Australian state housing authorities recognise the importance of linking housing with other non-shelter areas within the parameters of existing organisational structures, it is difficult to make the whole of government approach work. Housing organisations, education organisations and employment organisations have all been restructured in the interests of good governance to achieve defined narrow roles (the core business principle), with funding attached to these narrow roles. This impedes the ability of people to work outside of their organisational boundaries and to join up with others to create more holistic outcomes.

Having said that, the potential is there in that housing provision in Australia is still largely by state housing agencies. If a whole of government or joined up approach is taken seriously as a way of good governance, what does one do if housing provision is transferred to much smaller community agencies which are unlikely to be resourced or have the skill base to engage in a process of joined up practices linking housing with other non-shelter areas? Australia at least has the potential, but I am puzzled how it can be done in other societies where there is a retreat from direct government provision of social housing.

Controlling the citizen by accommodating the customer

Another principle of good governance has been the emphasis on client (or customer) service based on responsiveness to their needs. This is seen to be in contrast to the control model associated with the paternalistic public sector bureaucrat determining what was good for the tenant. Governance practices that have been legitimised by this rationale include targeting (responding to clients with the greatest needs), transfers of public stock to what is perceived to be a more client-friendly community housing sector, tenant empowerment through greater participation processes, and encouragement of a private sector client philosophy. Some of this is rhetoric but, even where there have been new practices, they illustrate the problems of the translation of private sector governance concepts to the much more complicated organisational environment of the public and not-for-profit sectors.

Targeting to those in greatest housing need, for example, as a principle of client service is highly fraught and creates tensions between the needs of new and established clients. In Australia much of the client orientation is concerned with the needs of new clients, that is, ensuring they have their housing needs met and the appropriate supports are provided to maintain their tenancies. This is good client service. If, however, the bulk of new clients are priority cases with multiple problems, existing tenants increasingly have to share a neighbourhood or live next door to households who may be psychiatrically ill and scream at night, with households who are on the streets drunk or on drugs, with households with children with attention deficit disorders. And so on. Thus more and more public housing tenants now find their personal wellbeing disturbed by the targeting to greatest need. Reducing **their** wellbeing is bad client service. In a residualised social housing sector as in Australia, targeting is a major governance problem for which there are no easy answers.

In Australia there has been little tenant empowerment as part of a client focus. This is in part because private sector client principles which underpin the contemporary notion of governance narrow the concept of the client to customer, where the measure of service is the provision of a product that they want at an affordable price. It is not a notion of client as citizen where tenants are assisted and facilitated to be more able to be included in the practices and processes that attach to being a full member of society – the practices and processes of empowerment and participation. It may also have something to do with the control processes of governance, that is, it is easier to control outcomes and achieve performance if tenants are kept relatively compliant and docile. And, of course, targeting is anathema to tenant empowerment. Most priority tenants are battling to control day to day living (even with support) and in most cases would have little interest in, or ability to become involved in, processes of tenant participation.

Seamless transitions or blocked movement?

Finally, in terms of practices of good governance, another theme is networking and seamless relationships between a variety of government and not-for-profit non-government providers. This is the concept which recognises that not all social housing services can be provided by the one agency. Thus crisis accommodation for the homeless may be provided by one set of agencies, support services by others, medium or transitional housing by another, and long-term housing, with or without support, by others. Good governance would require setting up structures and programs where clients could move between services at that point when it was most appropriate for them, without bureaucratic barriers or hurdles.

A number of Australian states, most notably Victoria, have set up a theoretically seamless and flexible program of this type, and on paper it is excellent and for some clients it works well. In this model, a homeless person will typically go into crisis accommodation for around six weeks and then have priority access to a transitional housing sector where the support will be provided to ready them for independent living. They then have priority access to long-term public or community housing. I believe it is a model that other countries could look at, partly because they may have the opportunity to do it better than us. It is a model of good housing governance that is breaking down in practice because the underlying conditions for good governance practice are not there, that is, an adequate stock of dwellings in each of the sectors to allow for seamless movement between them as needs change.

It very much appears that good governance too often is a response to fiscal constraint, whereas to get really good governance practices requires a relatively high level of social housing stock or at least growth in the stock. Many of the problems associated with reforms of governance are not inevitable. They exist largely because housing agencies have had to introduce them to resolve funding cuts, not to create broad based improvements in the social housing system.

Conclusion

Judged from a systems perspective, there is little doubt that, for the bottom 40 per cent of income groups, the Australian housing system is performing much worse than ten or even twenty years ago. Good governance is not the solution and to some extent has become the problem. It has obscured the need for systemic reform, it has created a false perception that efficiencies through better service delivery will compensate for funding cuts, it has weakened staff and, through the problems of targeting, community confidence in the social housing system, it is stunting innovation (including ideas for systemic reform) and, for each new practice introduced, a new set of management problems appear to be created. In market liberal societies intent on an economic and social regime of lower taxes, greater marketisation and smaller government, promises of good governance must be treated with suspicion. The outcome, if Australian social housing can be used as an example, is to weaken the system it is purportedly improving. But perhaps that is the real intent. The system can then be replaced by demand-side housing allowances, which require minimal governance.

References

Ferlie, E., Ashburner, L., Fitzgerald, L. and Pettigrew, A. (1996) *The New Public Management in Action*, Oxford University Press, Oxford

Hood, C. (1995) 'The New Public Management in the 1980s: Variations on a Theme', *Accounting Organisations and Society*, vol. 20, nos 2/3

Mullins, D. (2002) *Organisational Fields: Towards a Framework for Comparative Analysis of Non-Profit Organisations in Social Housing*, paper presented to European Network for Housing Research conference, Vienna, 1-5 July

Osborne, D. and Gaebler, T. (1992) *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*, Addison-Wesley, Reading, Mass.

Pollitt, C. and Bouckaert, G. (2000) *Public Management Reform: A Comparative Analysis*, Oxford University Press, Oxford

Tiernan, A. and Burke, T. (2002) 'A Load of Old Garbage: Applying Garbage-Can Theory to Contemporary Housing Policy', *Australian Journal of Public Administration*, vol. 61, no. 3

Walker, R. (2001) 'How to Abolish Public Housing: Implications and Lessons from Public Management Reform', *Housing Studies*, vol. 16, no. 5

Walker, R. (2002) *Reinventing Government: Explaining Management Reform at the Hong Kong Housing Authority*, paper presented to European Network for Housing Research conference, Vienna, 1-5 July