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Yield and the City: Swedish Public Housing and the Political Significance of Changed Accounting Practices

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ABSTRACT

This article discusses the role of accounting in the changes that the public housing sector in Sweden has undergone. Public housing has been the cornerstone of the welfare state, which perceived housing as a right for all. These housing policies have been challenged from the 1990s onwards, and new legislation introduced in 2011 forced the sector to further economise operations. Because observance of the new legislation supposedly relied on accounting practices, calculative practices became important. The yield metric, which originates in financial economics, became prominent due to its capacity to condense contradictory conditions and time into a single figure, thereby making assets comparable.

A study comprising 44 interviews (46 interviewees) undertaken in 9 council-run public housing companies reveals the social impact of the introduced accounting practices. Results indicate that different understandings of the future can either (1) justify bringing residential holdings into a non-calculable sphere to secure political control or (2) result in counter calculations based on assumed future value increases on commercial investments. This vagueness of the notion of time influences the connection between accounting and governmentality and, ultimately, economisation processes since it opens up for political resistance and counter calculations.

1. Introduction

Real estate was the main cause of the economic meltdown of the early 1990s in Sweden, and it was at the centre of the financial crisis of 2008 (Aliber & Kindleberger, 2015). These events
have not lessened the attraction of real estate, which continues to be an essential part of most investment portfolios. The trading of real estate relies on various accounting techniques, and yield is a useful metric in this context since it allows comparison between different investment items. Yield is the annual return from an investment expressed as a percentage of the investment cost, which in the case of housing discussed in this article is its assessed market value. Thus, the yearly return from a housing asset is related to its assessed value in the same way as the yield from a bond is calculated by dividing the bond’s coupon rate by its purchase price. Housing occupies a special position among investment assets since it has historically been placed somewhere between a ‘public right’ and a ‘commodity’ on a market. Balancing the two poles has been handled differently over time and according to location. For example, social housing based on means testing is used in southern Europe, while more universally oriented public housing strategies are more common in the north. Similar institutional phenomena are seen in other parts of the world, and the way political initiatives have changed over time reflects an ambivalent attitude towards whether housing should be perceived as a civil right or a tradable object (Whitehead & Scanlon, 2007; Gallent & Tewdwr-Jones, 2006; Blessing, 2016).

Because of its societal importance, public housing has been linked to financialization (Fields & Uffer, 2016) and to wider political issues (Aalbers & Christophers, 2014). The role of calculation methods in the way property valuation affects the built environment has also been studied (Crosby & Henneberry, 2016). Planning policies, such as the Development Viability Appraisal (DVA), are practiced in the United Kingdom for the distribution of surplus value from the development of public land (McAllister, Street, & Wyatt, 2015). This is yet another example of the way housing and planning draw on calculations, and we can add the kind of calculations families make in connection with home ownership (Munro & Smith, 2008). However, calculative accountancy methods are less common in the literature: practices characterised by ‘their ability to translate diverse and complex processes into a single financial figure’ (Miller, 2001, p. 381, italics in the original). The yield metric allows comparison between buildings and real estate holdings in different parts of the city; it is also used for calculating the financial outcome of planned construction and renovations. Calculations are also political in the sense that they can be carried out in an infinite number of ways, which allows for alternative actions (Callon & Muniesa, 2005).

After new legislation leading to a further economisation (Çalışkan & Callon, 2009, 2010) of public housing in Sweden was passed in 2011, the municipal companies that make up the sector
have abandoned the previous self-cost principle. The new law was a vaguely formulated compromise with the hope that accounting practices would determine what was business-like and what was not. The preamble to the law points to ‘rigorous accounts and documents’ as a way of showing why a certain action should be considered business-oriented with reference ‘both to investments and measures taken in the daily management’ (Prop. 2009/10:185, p. 85). Accounting was made a neutral ‘arbiter’ with the intention of removing housing from the political arena and lessening the historical significance of the housing sector.

This development, including the role that was assigned to calculation practices, provides the backdrop for this article. The article questions whether the new legislation has changed accounting practices within public housing companies and, if it has, how the management, politicians, and staff have motivated these changes. This highlights the role of calculative practices in the political conflict that pitches housing as a civil right against housing as a commodity, something that consequently is also investigated. The most influential techniques have been Discounting Cash Flow calculations and the application of yield metrics, both operations where time, and especially the future, become important components. This paper suggests that bringing the future, as an abstract entity, into a calculable space is problematic. The obvious vagueness and unpredictability of the future challenges the perception of accounting as a firm and stable discipline. Examples from this study point to how diverse understandings can both provide argument for bringing residential holdings back into a non-calculable sphere (Callon & Law, 2005) and initiate reasonings that result in counter calculations based on assumptions on future value increases on commercial investments. This dependence on the vague notion of time also has consequences for the connection between accounting and governmentality and, ultimately, economisation processes as it opens up for political resistance and counter calculations.

Legislation aimed at imposing business-like practices on municipal housing companies should be viewed against the way public housing emerged in Sweden. The creation of a welfare state in the 1930s was accompanied by the notion of Folkhemmet (the peoples’ home) – an undertaking that involved providing homes for all citizens, which reflected the crucial role of housing. After the Second World War, municipality-owned public housing companies were assigned responsibility for providing housing for their citizens. These companies later took on a leading role when one million homes were constructed in the 1960s and 1970s in order to
come to grips with the current housing shortage. These ambitious national housing policies have changed fundamentally from the 1990s onwards (Hedin et al., 2012; Christophers, 2013).

This paper begins with a section on yield, describing the role of calculations in the process of economisation. Thereafter, an overview of the literature on governmentality and performativity establishes a link between accounting and politics. A section on the methods used in this study is followed by an account of the history of public housing in Sweden and its position in the emergence – and subsequent weakening – of the welfare state. Empirical evidence is then presented in the form of a Swedish case based on an interview study comprising 46 interviewees from 9 Swedish public housing companies. This section is followed by a discussion of the empirical findings in light of the theories presented. The paper concludes with an overview of the implications of the empirical results.

2. Yield as a Tool for Change

2.1 Numerical Practices in Housing and Planning Studies
The consequences of calculation and accounting methods have been shown in studies where both housing and planning constitute empirical fields. The changes that affected social housing in the United Kingdom during the Thatcher era and its aftermath inspired several studies in which accounting had a prominent role. Both Collier (2005) and Smyth (2012) use this reorientation of British housing policies as a point of departure for exploring alternative forms of accountability when new hybrid associations took over previously council-owned housing estates. The focus in these studies is not on accounting techniques; instead, they highlight the role of accounting in decision-making and strategy-forming. Morrison (2013) presents a similar example with her study of a large London housing association. The study shows that the new owners were forced to sell some of their assets in order to keep the rent down for the remaining tenants, which contributed to the ongoing gentrification of the affected areas. Morrison’s study showed the expanding role of accounting beyond the housing estates and the consequent wider implications for urban development in general.

The property valuations that are often published in real estate journals constitute a parallel strand of research. Some quantitative studies in this field have reviewed this practice from a critical perspective. Henneberry and Roberts (2008) present a historical overview of valuation
practices in the United Kingdom; they have found that the methods used by the profession are in fact not neutral but reflect power relations in society. In a later study, Crosby and Henneberry (2016) show that the valuation methods used to determine the value of commercial properties have a significant influence on urban development. Botzem and Docusch (2017) describe how a combination of valuation, accounting and auditing practices was at the core of financialized business models and became fundamental for acquisitions of more than 20,000 apartments by a German housing company during the boom cycle of the mid-2000s. This discussion on calculation and its societal implications can also be found in studies showing how calculative practices play a conspicuous part in the strategic planning of cities (Lapsley et al., 2010). McAllister, Street and Wyatt (2015) also mention that the generalisation of a calculative practice – such as Development Viability Appraisal (DVA) – biases UK planning practices. Unequally understood and mastered among stakeholders, this is a technique that favours those who are more familiar with it. Calculative practices have even been shown to inform social policy, for example, when Social Impact Bonds (SIB) are used to financialise homelessness policies (Cooper, Graham & Himick, 2016).

The emergence of yield within the public housing sector in Sweden can thus be understood via studies on housing management accounting, calculative practices in property valuation, and other numerical techniques that affect the way cities are planned, constructed and managed. Yield has a special importance as complexities and contradictions can be compressed with the help of this single metric.

2.2 Yield and Discounted Cash Flow
Hardie and MacKenzie (2007) explain how yield facilitates comparisons within financial markets. The immense complexity of the trading system – with its different timespans, diverse geographies and ever-changing political landscapes – necessitates a yardstick that will assist traders. A 10-year Australian dollar bond or a 30-year Mexican peso bond – which do you prefer considering the political climate, the risk of earthquakes and revolt, currency fluctuations, and a large number of other factors? A metric is clearly necessary, and this is how Hardie and MacKenzie (2007, p. 55) explain it: ‘The metric of “yield” helps to construct a global [italics in the original] bond market.’ Yield is used not only for bonds but also for most types of financial transactions, and it has a strong position within various forms of real estate. The reason for this is the same as for the global bond market – comparability. While real estate supposedly defies comparison – since location by definition differs, as do construction
techniques, state of repair, age and a variety of other factors – yield still makes it possible to relate to and trade with property due to the capacity of a financial figure to compress both geography and, as will be shown, temporally.

Yield is applied in investment appraisals through Discounted Cash Flow (DCF), an arithmetic operation in several steps, each with its own assumptions. In the first step, future cash flow connected to the investment is identified and discounted into a current value. This conversion assumes that future value is less than current value since an investment under valuation can be replaced by any other investment. All investments are thereby seen as liquid and possible to substitute: a specific investment at any time can be recovered and replaced by another. The second step determines how much the future value is to depreciate using a discounting factor, a numerical value that implicitly incorporates risks and growth assumptions (Crosby & Hennerberry, 2016) by compressing projected cash flows to a current precise value. This factor has profound consequences; in many cases, it decides whether an investment is calculated as profitable or not. Determining the discounting factor draws on the assumption that all goods in which capital is invested are seen as capital goods and only worth buying if they generate higher value than what was initially invested. To make such comparisons with other potential investments possible, yield data computed by large private valuation firms are used to decide the discounting factor.

Due to the role of yield computations performed by property valuators, the conversion factor in real estate and housing can differ from city to city as well as within a city depending on previous transactions. Namely, yield is meant to reflect market conditions, but in cases where no or few transactions are made, the valuation firms make assumptions and sell data drawing on desk studies (see Hennerberry & Roberts, 2016, for an overview of changing practices among UK valuation firms under the impact of financialization.

The two steps described as DCF – discounting future cash flow to a current value and making this conversion with the help of a specific discounting factor – echo Chiapello’s (2015) observation that financialised metrics and forms of reasoning are increasingly used for valuations. The DCF and the application of yield are technically translating the future into the present by assuming all investments are instantly liquid. Further, the discounting of future streams of money is based on the idea (‘fantasy’, as Chiapello calls it, p. 18) of an alternative investment that can substitute the one under valuation. Financial valuation methods can also
influence accounting regulations where market values are regarded as actual values according to Fair Value Accounting (FVA) principles. This method also draws on DCF-practices since the public accounts disclose asset values that are the result of projections of future cash flow and conversions to a current or Fair Value (Power, 2010; Mennicken & Power, 2015).

Thus, yield as a metric is crucial for Discounted Cash Flow, which Menicken and Miller (2012) describe as ‘at heart, a way of seeking to bring the future into the present by means of discounting practices’ (p.22). Time stands out as an important factor in these operations, and Chiapello (2015) shows how the DCF method prefers the present, as the discounting technique reduces the influence of the future and results in a short-term approach. She claims the whole approach is based on the ‘shaky assumption’ of a stable development beyond the type of historical crises and major shifts we have experienced over the last decades.

DCF has become a taken-for-granted technique for evaluating various forms of investments and for the disclosure of asset values in public accounts, including real estate. The practice itself dates back to actuarialism, mathematical enigmas and the emergence of banking systems in the 15th century (Hawawini & Vora, 2007), and carries a history of its own. However, in view of current applications underpinned by assumptions from Financial Economics, it is time and the future that are at the core of the practice. Yield in real estate and housing comprises both time and geography, making it a powerful tool for comparison since it is possible to discount the future into a current, aggregated value and compress geographical differences. But DCF has also been used as a classical example of the way accounting techniques lack essence (Miller & Napier, 1993) and change both form and substance over time, something confirmed by the link between DCF and Fair Value Accounting (FVA).

2.3 What Is Accounting – and What Is Not
Miller and Napier (1993) question what accounting is and what it is not, and investigate what types of calculative practices fall on either side of the boundary. The authors use the Foucauldian term ‘genealogy’ rather than ‘history’, which is not to be limited by the boundary markers set up by accounting historians. This altered terminology discloses both the historical context and the way current practices are taken for granted. DCF may have a historical background outside the accounting domain, most recently among the engineering community in the late 19th century, but the decisive moment came in the mid-20th century (Miller & Napier, 1993). The authors seek to explain how this breakthrough occurred at a time of
increased pressure for economic growth, advocated by the British government in the 1960s. A new way of assessing investments was deemed necessary in order to meet these political ends in the form of a calculative practice that fitted both the strategy and the rationale.

Miller (1991) adds to this reasoning. He describes DCF as innovative and the introduction of the practice as an example of ‘action at a distance.’ According to this Foucauldian expression, the state cannot implement the practice in detail, which explains how DCF came to be one of several measures that were put in place in order to solve the economic difficulties of the 1960s. The link between accounting and Foucauldian thought was already established in Miller and Leary (1987), who identified the way calculative practices became part of power in the early 20th century, thereby bringing together accounting and governmentality. The authors support their claim by exploring standard costing and budgeting as well as by establishing a connection between these practices, on the one hand, and scientific management and industrial psychology, on the other. The overall result of this connection is the formation of a more manageable and efficient individual of the time: the governable person. Miller and Leary’s (1987) study was pioneering in the way it explained that accounting should be understood in a social and historical context. In short, governmentality expresses the practices of power, and it is a vehicle through which subjects are produced and governed. These power practices are found in myriad of methods – including calculative practices – which come to the fore when you construct centres of calculation, render distant domains not only knowable but also calculable, and, finally, make it possible to govern from afar.

2.4 Accounting and Governmentality
Once the link between accounting and governmentality had been established – predominantly in seminal articles by Miller and Leary (1987) and by Miller and Rose (1990) – a steady flow of texts followed (for an overview of accounting and governmentality, see Mennicken and Miller, 2012). In a recent study, Spence and Rinaldo (2014) explain how sustainability accounting shaped power structures as well as supply chain rationales and practices. Their governmentality lens paves the way for understanding the specific conditions under which power emerges, endures and alters in relation to this specific form of accounting. Governmentality works by redefining and re-formulising concepts from the sustainability sphere and transferring them into the language of business. The authors’ central argument is that governmentality is not restricted to the state or political institutions; it can also be used in more general contexts, for example, within the corporate sphere. Jeacle (2016) also aims to
show the way accounting links governance with the micro actions of citizens. She draws on household budgeting in 1930s Britain when she describes how calculative practices became bound up with the discussion about the nation’s dietary needs. Her study on fashion (Jeacle, 2015) is another illustration of the effect of accounting practices where acceleration of time forms an important finding. These and other similar studies exemplify what Miller and Rose (1990, p. 9) have called ‘governing at a distance’ as they highlight the social and political implications of accounting studies inspired by governmentality.

2.5 Performativity
MacKinsey (2009, p. 41) approaches the role of accounting and politics from a slightly different angle positioned in performativity studies. The question posed by Callon and Latour (1997 p. 65) and others is, “What is to be done against capitalism?” The answer provided by the two authors is clear: do not believe in it; instead view the system as shaped or performed by economics in general, the academic discipline of economics, and practices such as accounting and marketing. If there is nothing essential or inherent in capitalism and markets, they can be altered through the calculative practices they are made up of. The carbon emission market frames this discussion. On the other hand, MacKenzie (2009) points to the essential role of accounting, which he calls the ‘nuts and bolts’ of policy making. Along with Muniesa and Callon (2007), MacKinsey argues it is not enough to see greenhouse gas emissions and their emerging global markets merely as a set of experiments. According to MacKenzie (2009), it is not only the market that needs to be performed but a commodity for transaction also needs to be invented with standards and categories.

MacKenzie (2009) mentions Callon’s (1998) observation that economic models and theories may cause that which they describe as an illustration of the way calculative practices are not simply rendering what happens in organisations or settings where organising is taking place. Calculative practices actively design, develop, manage and evaluate; in other words, they are essential to organising – ‘calculative practices matter,’ to quote Miller (2001, p. 379). Therefore, as performatives, calculative practices are key vectors of an economic rationality that consists of planning, control, accountability and ultimately the overall economisation of society (Çalışkan & Callon, 2009; 2010).

Çalışkan and Callon (2009) have described economisation by indicating processes ‘through which activities and behaviours and spheres or fields are established as being economic’ (p.
Calculation of values is the core of these processes, specifically in the marketisation they see as a subtheme of the wider economisation. Muniesa, Millo and Callon (2007) also highlight calculation in economising by pointing to the capacity of accounting techniques to ‘disembod’, make abstract and locate activities into a calculable space – in short, how calculations render processes economic. Mennicken and Miller (2012) describe the same phenomena from a governmentality perspective, claiming that accounting constitutes a crucial connection between governing and calculation. Their equivalent to the notion ‘calculative space’ is territorialising, a term borrowed from Deleuze, which helps Mennicken and Miller (2012) explain how accounting territorialises by making both physical and abstract space calculable.

The processes locating activities and forms of behaviour in an economic sphere in society can be presented with different terminologies. Whilst the performative literature places the demarcation line between calculable and non-calculable space (Callon & Law, 2005), governmentality scholars make the distinction by describing how territorialisation can turn both physical and abstract space calculable. At the core of both positions resides the importance of calculations, calculative devices and accounting practices, together with a decisive border between what is calculated and what is not.

2.6 Calculation and Non-calculation
Callon and Law (2005) propose their own connection between governmentality and Foucault’s ideas, on the one hand, and performativity, on the other. By reading Foucault, who insists on ‘the simultaneously dependent and mutually exclusive character of reason and unreason’ (p. 717), they make it clear that it would be futile to draw a strict dividing line between rationality and irrationality. Any such division becomes complex and semipermeable, which is a claim that brings the authors into a similar discussion about calculation and non-calculation. These two concepts are seen as mutually constitutive: one depends on the existence of the other, which leads to the conclusion that calculation and non-calculation are found not only in humans but also in material arrangements, methods and measuring systems. Non-calculation and calculation come in an infinite number of versions, and Callon and Law (2005) illustrate the necessity of both non-calculables and calculables. An important difference relating to politics is the claim that non-calculables prevent counter calculations, and thereby prevent a political debate fuelled by the possibility of choosing one of many calculation methods.
Inspired by Callon and Law (2005), Jollands and Quinn (2017) make use of an Actor Network Theory-approach when they examine the role of accounting in a new water billing system in Ireland. The cost concept is identified as the most important of the many actors that were mobilised for the implementation. Cost, a term from the economic sphere, was brought into the political campaign for water billing even though the concept had nothing to do with sustainable water provision – it was clearly used for political purposes. Both Callon and Muniesa (2005) and Callon and Law (2005) discuss how non-calculable space prohibits alternative calculations, while calculations make alternatives and a political debate possible. Contrary to these positions, Jollands and Quinn (2017) have shown how the introduction of a term from the economic sphere was used to prevent a political debate on water billing.

Moreover, Andrew and Cahill (2017) discuss the role of accounting in political conflicts within a neoliberal setting. Their example points to the successful use of accounting in preventing the privatisation of prisons in New South Wales, Australia, in one case, but not in another. According to the authors, these different decisions show not only the geographical implications of accounting but also the role of resistance. Their case illustrates the non-hegemonic nature of neoliberalism and that accounting can be used both to support and resist neoliberal measures.

Mennicken and Miller (2012) paint a slightly different picture when noting how performative studies have extensively examined the role of calculations, especially in financial markets, emphasising how socio-technical interactions are established. Such studies have convincingly shown the conditions under which metrics and models emerge and become stabilised in this industry (MacKenzie, 2009). However, Mennicken and Miller (2012) propose we should pay more attention to the consequences when it comes to governing and the political power of these calculative infrastructures. Therefore, they suggest an increased exchange between performativity studies and the work of Foucault on governmentality, as calculative practices are influential in shaping our world and the expectations on us. The key points in their argumentation is how accounting is both administrative and political, and how territorialising (the key term) works in different ways to link calculating and governing. Accounting has a special capacity to disclose the variety of forms governmentality can take, show how calculative technologies are mobilised, and reveal political implications of accounting infrastructure.

An adjacent observation by Menicken and Miller (2012) is how the notion of time has been underutilised in governmentality studies on accounting, despite its centrality in the accounting
practice. Miller and O’Leary (1987) are an exception, disclosing how standard costing following Taylor and scientific management implicates a financialization of time. These authors show how cost accounting was transformed between 1900 and 1930, when the invention of standard costing made this specific calculative practice less preoccupied with the past and instead made the future governable with the help of predetermined standards. Jeacle’s (2015) more recent study on fast fashion is another rare example where time is discussed.

To sum up, calculative practices bring the discussion on accounting into a social, historical and organisational context beyond the perception of the discipline as a tool for representation. Governmentality studies emphasise through historical studies (genealogy) how calculative techniques have to be understood by the political climate at the time in which they are introduced since they disclose different modes of governing. Although the link between accounting and the social sphere is persistently contested (Walker, 2016) – as is the relationship between neoliberalism and accounting (Chiapello, 2017) – links between governmentality and performativity point towards a potent political role for accounting as the practices play a constitutive way for both economisation (Caliskan & Callon, 2009, 2010) and marketisation (Callon, 1998).

Both performativity and governmentality studies disturb the self-evidence of calculative practices. Studies inspired by the performativity school have especially shown how calculative practices and devices render processes economical, mostly drawing on studies on the financial industry. Such detailed descriptions make clear how practices have evolved, but they also implicitly claim calculations can be done in other ways since there are infinite ways to both calculate and counter calculate. Later studies in the same vein have also pointed to the possibilities of resistance (Andrew & Cahill, 2017) and how accounting concepts are mobilised to prevent political conflicts (Jollands & Quinn, 2017). Terms such as calculables and non-calculables (Callon & Law, 2005) and territorialising (Menicken & Miller, 2012) from various theoretical streams remind us of the crucial border between what is calculated and what is not, and the political explosiveness in this demarcation.

DCF is a typical representative of contemporary calculative practices inspired by Financial Economics. The requirement to make disparate investments objects comparable infers that techniques and devices such as metrics are in demand. Time, according to Menicken and Miller
(2012), is underutilised in governmentality studies, hereby emerges as a crucial notion – something further underlined by the importance of time in the financial industry.

3. Method

The overall aim of this study is to identify accounting practices in public housing companies and their impact. This entails a contextual perspective, as well as the study of documentation and informal interviews. The data collection consists of documents retrieved through personal contacts with the companies or downloaded from the Internet, as well as interviews conducted at the premises of the respective companies. This section on method outlines the selection, interview and analysis processes.

A total of 9 out of 290 companies nationwide were selected for this field study (map in Appendix 1). The scope was partly to represent the diversity among public housing companies in Sweden, which differ in size from 700 flats in the smallest company to over 23,000 in the largest. The distance from Malmö (in southern Sweden) to Kramfors (where the northernmost company included in this study is situated) is 1,100 kilometres. Moreover, most public housing companies are relatively small, but our selection is not organised according to size. The emphasis is instead on larger companies south of Stockholm since they are more relevant to this study due to their size and location: the way they are managed affects a larger number of tenants, the companies represent larger organisations, and they reflect the strong Swedish urbanisation process. Exact representativeness is no rationale in a study such as this. The emphasis is instead on housing companies with tenants in cities where a majority of the nation’s population has settled.

Between four and six interviews were conducted at each of the nine companies as part of a project on public housing in Sweden (see ‘Acknowledgements’). Our ambition was to discuss a number of financial, political and social challenges within the sector. Accordingly, two researchers were generally present during the interviews: my colleague focused on general issues relating to social responsibility within the companies, and I was in charge of questions relating to accounting practices. We interviewed the CEO, the CFO, the person responsible for social issues, and often a member of staff who worked within a specific area of the company. We also talked to at least one politician on the company board in each municipality,
generally the chair. In some municipalities where there were local political disagreements, we interviewed politicians from both camps. A total of 44 interviews were conducted with 46 interviewees. The time spent on interviews ranged between 45 minutes and 2 hours (see Appendix 2). Data unrelated to accounting that was collected during the interviews as well as document studies have been used by my colleague in Grander (2017).

The questions were formulated with two main areas of interest in mind: (1) the companies’ social initiatives and (2) the way they accounted for these, for renovations and for the production of new housing. The interviews included questions on which areas that had been developed, where they were planning to build new homes, and how such projects were assessed. There were questions about the connection between decision-making, political ambition and calculation methods, and whether these differed between politicians, managers and accountants. The same type of questions were asked on the subject of renovation in terms of political ambition and numerical techniques. Documentation was predominantly accessed on the Internet. All companies publish annual reports. We studied the previous two years and, in some cases, older documents. The quality of the reports varied as did the level of disclosure. During the interviews, reference was sometimes made to additional documents or accounts that we were then able to share; however, most of the existing information was for internal use only, which meant we had no access to it.

We scheduled a series of informal interviews (Kvale & Brinkmann, 2009) with open questions in accordance with a written template. Following Mishler (1986), we aimed for an open attitude to the interviewees – which would allow them to speak as freely as possible – and to hold back our own interventions, thus allowing the interviewees to control their own narrative. We told the interviewees that it was not our intention to identify an exact representation of a ‘real process’ (cf. Rorty, 1980) but to collect their own personal impressions and experiences. We allowed spontaneous comments in order to create an informal setting. This was successful in most cases, although the underlying tension in municipalities where public housing is a sensitive issue was reflected in the interviews. In these companies, some members of staff and a number of politicians had a very strict approach to us, and they were very cautious about what they choose to reveal; apart from that, the atmosphere was generally relaxed and open. An individual interview guide for each company was outlined before the interviews. Each featured particular areas of interest and in-depth questions. We also made use of the documentation we
had studied, and often our questions prompted the interviewees to supply additional documentation.

The researchers involved in the interviews made an initial analysis of the material directly after each talk while adding their spontaneous reflections. After the interviews had been transcribed, they were qualitatively analysed with respect to common themes and patterns (Alvesson, 2011). The role of yield in the calculations emerged as a common theme across the interviews connected to the political aims of the company. Longer narrative accounts were thereafter reduced and summarised in the quotes appearing in the text. This analysis was also inspired by the reflexive approach suggested by Alvesson (2003) with a possibility to work in parallel with several interpretations, thereby avoiding a predetermined understanding of the data collected. This approach facilitates reaching results different from the most immediate interpretations. Each interviewee received a transcript for review, and all citations have been checked. All quotes are anonymous.

4. Swedish Public Housing and the Welfare State

The emergence of Swedish public housing goes back to the 1930s, when industrialisation and urbanisation had not yet resulted in decent housing for people that were leaving the countryside. The first initiatives targeted families with many children, and so-called barnrikehus (loosely translated as houses where many children live) became the precursor of the more ambitious housing policies that were implemented after the Second World War. Most municipalities established public housing companies in order to fulfil their legal responsibility of securing housing for their citizens. These were based on two fundamental ideas: First, they were to provide affordable housing and, second, the target group was to be all municipality citizens. The umbrella term allmännyttan (for the benefit of everyone) signalled this undertaking; it was distinguished from ‘social housing’, which was based on means testing. The sector was for a long period seen as uncontroversial and an integrated part of the Swedish welfare system (Elander, 1991). The 1960s and 1970s proved to be important as housing was once again in short supply during a time when Swedish industry was successful and expanding its workforce. Public housing companies became major players in the Million Homes Programme, a historically unprecedented effort to, yet again, provide affordable housing. Ironically, when this project was completed in the mid-1970s and one million homes had been built, the industrial
crisis started. The result was a large number of empty flats and severe economic problems for many public housing companies in industrial areas (Turner & Whitehead, 2002); some are still suffering from the aftermath.

The 1990s constituted a new formative period for housing in Sweden. The conservative government that came to power in 1991 closed down the Department of Housing as a first symbolic measure. A number of laws were then abolished, including the Housing Provision Law, and the financing system changed. Subsidies were either discontinued or radically reduced while housing allowances were cut (Bengtsson, 1995). Consequently, Sweden saw a decline in new production and a rise in vacancies (Hedin et al., 2012). The gap between different groups of tenants increased, leading to social polarisation. Municipal housing companies became ‘social by default’ (Magnusson & Turner, 2008) as an increasing proportion of tenants were low-income earners. In spite of the challenges that were facing the housing sector, resistance against ‘social housing’ has remained strong in Sweden since it is believed to lead to social stigmatisation.

Another important aspect of the history of Swedish housing is the effect of Sweden joining the EU in 1995 (Elsinga & Lind, 2013). It was followed by a public debate on the position of Swedish public housing, in which the Swedish Property Federation claimed that the sector was violating EU rules on fair competition. There is a special provision in EU law for social housing as this sector is regulated by means testing and only available to part of the population. Public housing is different since it is open to all citizens regardless of income. The way it relates to the special EU provision for social housing is still under debate. Before the status of Swedish public housing was brought to the European court, a compromise was reached whereby the rental negotiation system was amended and companies lost their rent leading position. The wording of the ‘business-like principles’ described above was another result of the compromise that was made into law in 2011.

The situation for Swedish housing in general, as well as for the public housing companies, can be seen as a consequence of changes that took place in the 1990s and new legislation introduced in 2011. The Social Democratic governments that were in power after the policy shift in the 1990s made no effort to review the legislation (Hedin et al., 2012). Christophers (2013) has described the housing system in Sweden as hybrid in the sense that de-regulation attempts to coexist with strictly regulated components, thereby forming a problematic mix. According to
Hedin et al. (2012), neoliberal housing policies have led to a distribution of housing that is
governed by the market and with virtually no state involvement. The most profound changes
have taken place in Stockholm. The proportion of public rental flats in the city has fallen from
32 per cent of all citizens in 1990 to 18 per cent in 2010. The changes have been even more
dramatic in central Stockholm, where rented accommodation has fallen from 19 per cent to 7
per cent. This can in part be explained by the conversion of rental flats into public co-operative
housing (Andersson & Turner, 2014). Although there may be some differences of opinion, the
general consensus seems to be that housing policies have changed drastically since the early
1990s in Sweden and that the housing situation is precarious. The lack of rental housing is
especially troublesome. Moreover, a substantial proportion of municipal holdings are from the
1970s. They form part of the Million Homes Programme and are therefore in need of
renovation. The municipal companies have to take on these challenges under the dual constraint
of social responsibility and the business logics that are accepted as the norm.

5. The Case: Calculation, Renovation, Construction.

We’re not just any social welfare office, but a commercial real estate company with
social responsibility. It’s a windy path that’s not easy to deal with.

*CFO of a public housing company*

When public housing companies in Sweden came under new legislation in 2011, the most
important change was the imposed business model; it meant a deviation from the self-cost
principle that applies to almost all other municipality-owned companies. As a result, these
housing companies needed to meet profit margins determined by the politicians. Because the
main objectives are not defined, the law bears the signs of a compromise. Local councils are
still required to ‘provide housing’, but the law fails to define ‘social responsibility’. The same
goes for the term ‘business-like’. These vague objectives are open to interpretation within each
individual public housing company and its municipal owners.

But we have never understood what the law entails in real terms. We have taken one
decision on a major depreciation, and whether this is business-like or not is clearly an
issue.

*CFO, Gothenburg*
Interviewer: How much have you discussed the tension between business orientation and social responsibility among the members of the board?

Chairperson, Örebro: I don’t know how to answer that question because I’m wondering whether I’ve really talked about anything else in the last couple of years (laughs). But, honestly, the changes in legislation affect us in a number of ways.

Differences among the housing companies as well as within the municipalities that control them also reflect this uncertainty. The nine public housing companies that are included in this study do not only differ in size and geographical location, they also illustrate the uneven growth of urban conglomerations in Sweden. The following three broad categories are represented:

1. Companies in the three main cities: Stockholm, Gothenburg and Malmö.
2. Companies in some major cities located west or south of Stockholm: Södertälje, Norrköping, Örebro and Landskrona.
3. Two small companies in the north of Sweden: Kramfors and Berg.

For further information on the companies, see Appendix 1, which also includes a map.

The impact of the law that was passed in 2011 also varied: the small companies in the two crisis-ridden municipalities in the north, Berg and Kramfors, faced problems of their own. They were the only comparatively strong players on the local housing market, and social responsibility was restricted to providing rental flats. The other companies had a more favourable position since their municipalities were growing and the demand for rental housing exceeded the supply. However, these companies cater for a large number of low-income tenants and immigrants, so they take their social responsibility seriously – partly with the help of social projects such as cooperating with local schools and providing work opportunities for adults. These seven companies also felt the current shortage of rental housing in Sweden most strongly, which affected low-income families unable to afford a co-operative flat.

5.1 Business as Usual?
The absolute majority of respondents claimed they had always acted in a business-like manner, and they explained that the new legislation only confirmed a system that was already in place. Representatives from these companies reported that the law of 2011 had not affected their
operations much. Questions relating to accounting in relation to major challenges within these companies offered a more nuanced picture.

The focus is now greater on the yield of each project, and no new construction projects can show red figures, as it were.

*Financial staff, Stockholm*

Yes, we look towards the private builders and their yields. We use this tool: Datscha.

*CEO chief of staff, Stockholm*

Yes, we will build in C-locations too. But in my view, starting in 2011, that part of the process stalled when we couldn’t figure out the calculation model.

*Chairperson, Gothenburg*

Renovation and new production of rental housing was a major concern for the companies due to the rental housing shortage. In Stockholm, Gothenburg and Malmö (the three largest cities), politicians in charge of public housing companies demanded an increase in the production of rental apartments. Most other companies in our study also strive in this direction as a result of political pressure. Renovation is prioritised in some exceptional cases. On the other hand, the two smaller companies located in the rural north are faced with a very different situation. A fragile financial position and depopulation are obstacles to construction, and renovation is more of the ‘patch and mend’ variety as opposed the more systematic efforts that are possible to achieve in the larger and more robust companies in southern Sweden.

It’s not much fun, patching and mending and caulking. It’s rather like a leaky sieve: when you try to fix it, it starts to leak somewhere else. […] All in all, there is no planned maintenance.

*Maintenance officer in one of the smaller companies*

These differences are important to keep in mind. The smaller companies dominate among public housing companies in Sweden, and their problems differ from most of the other companies included in this study. On the other hand, large companies represent a greater
number of tenants and are more representative when it comes to their impact on the local community and the well-being of existing and future tenants.

5.2 Consequences of Accounting

There are at least two accounting practices relevant to this study: one is the type of calculations necessary for assessing future projects, the other is the way assets are valued in financial reports. While the two are intertwined, the interviews mainly concerned the way companies have calculated the viability of construction or renovation from a financial point of view. These decisions were considered in the subsequent valuation of the property for the financial reports. If a building is valued at the market value and below the construction cost, an impairment of value is required in accordance with the common interpretation of accounting rules. Such impairments lower the reported result, and this is when the question of geographical location becomes critical.

Location is everything. It prevents new production in less attractive parts of the city.

CFO, Malmö

Most of the interviewees similarly explained that the conversion factor is based on the yield rate, to which is added the expected rate of inflation. Yield figures are based on valuations made by commercial enterprises that compile and sell information about property holdings and transactions. The valuation data reportedly represent the way the market value fluctuates across the city. The Malmö public housing company is a good example as it published official figures in its annual report of 2013. The conversion factor, processed through local data gathered from valuation firms, varied between 5.5 and 10 per cent depending on location. The lower rate is used in affluent areas in central locations with low yields, while higher conversion factors are used in areas outside the city centre, where the yield is higher. Similar differences between more or less affluent areas are found in other public housing companies.

Interviewer: How does the location factor and yield requirements influence the building of new homes?

CEO, Örebro: More and more, I think. Since the new law was passed, we’ve been working in a more business-like manner, and it will be more difficult to produce new homes outside the city centre, where rents are often lower and the required yield higher
than in the city centre. […] It’s when we want to build outside the urban area that yield levels make construction virtually impossible.

*Interviewer:* How come it’s not profitable to build outside the city. And how do you think about yields?

*Financial staff, Norrköping:* Because the yield [in those areas] is much higher […]. Well, let’s say we’re active in a new area […], the yield may be around 3.5 per cent, while it could be as high as 5 per cent in the suburbs. And these percentages affect the valuation a lot.

We buy yield-data from an external company […]. There are 22 yield areas in our city that vary between, I think, 3.75 per cent and 10 per cent.

*CFO, Örebro*

Company staff discussed the consequences of these discrepancies.

The starting point of the more intensive, current construction phase was that everything we built must add to our portfolio, but there were some inherent contradictions due to the logic of the market. Depending on where in the city we build an object, there may be a financial loss due to depreciation in one area, or the building may defend its value in another. That’s the reason why we have primarily developed attractive locations. It’s simply good business practice.

For example, a house built in one area costs between SEK 30,000 and SEK 35,000 per square metre, the value is the same, or perhaps a little higher, by the time it’s completed. But if you build a similar building at the same cost at another location with lower performance, we might be forced to depreciate between SEK 5,000 and SEK 10,000 per square metre. That’s why we tend to build in the more attractive parts of the city: it’s good business.

*CFO, Malmö*

The interviewees often refer to the role of the valuation companies, since their yield figures and calculations constitute the basis for the information that is made public in their annual reports.
Neither the information nor their working methods were usually questioned; but in one of the companies, it turned out that the property valuation company was prepared to negotiate:

I’ve asked the valuation company to reassess their valuation. Their current practice is very rigid as they solely base their calculations on rent revenue, the yield in a specific area, and so on. One example of this problem is that they don’t value the effects of our running maintenance, which doesn’t show when you look at the rental levels. This continuous upgrading apparently adds value to our holdings. But because it doesn’t add to the revenue, the evaluator doesn’t take it into account. The valuation company accepted this way of thinking, and values will increase as a result of our discussions. It will make room for even more maintenance.

_CEO, Örebro_

This quote also shows that valuation companies strictly adhere to the DCF model and that information not covered by this method is rarely considered. In this particular municipal housing company, the CEO had to convince the valuation company to adjust their values according to the properties’ material status. These valuations are important to the housing companies as the data is generally accepted by both the company auditors and the company board. The valuation results also affect profit and loss, which in turn determines how much surplus goes back into the municipal finances. It also appears that the valuations – yield levels are a result of these – are not based on an on-site inspection of the property in question; rather, most assessments are made off site.

### 5.3 Renovation

The application of differentiated yield levels also has consequences for the extensive overhaul that is required in areas outside central locations. These housing estates have been assigned high conversion factors due to elevated yield levels reported by the valuation companies. A large portion of public housing company holdings consists of flats built in the 1970s and within the scope of the Million Homes Programme, and they are often in need of upgrading. After refurbishment, the rent of the flats owned by one of the public housing companies increased by between 20 to 40 per cent.
Renovation is quite expensive […]. In one area, the increase in rent was around 40 per cent, which is far too much. Such an increase is not covered by the social benefit system, and tenants were forced to move out; not even people in gainful employment were able to pay rent that had gone up by 40 per cent.

*Member of staff working with social issues, Örebro*

Some of these projects – for which traditional calculation techniques were used – were impossible to defend from a purely calculative standpoint. This situation, especially in view of the urgent lack of housing for the people affected, forced the companies to assume a more ambivalent position.

What can we do when we’re faced with 200 flats that are in a very bad state of repair and the façades are falling off? Do we say it’s impossible? We feel compelled to take care of and develop these buildings. Strictly speaking, you could say that demolishing them would be preferable, considering the fact that the depreciation would still be lost. But it’s not an option for the 200 families that live there and the 1,000 people in the queue. It would signal that ‘this is not an area that’s suitable for building homes!’

Yes, it’s hard.

*CFO, Gothenburg*

There were other companies that had not started to discuss yield differences and how it would affect renovations, but they were aware of the consequences:

*Interviewer:* It [renovation cost] does not depend on location, have I understood you correctly?

*CFO Landskrona:* Indeed, the variation is fairly small; the yield varies from area to area, but we have not yet conducted any large-scale projects in areas where yield figures are at the extreme end of the scale […]. I’m sure that’s a discussion we’ll come to in the future.

We discussed that renovations of Million Homes Programme properties – which would be enormously expensive – can never be profitable. Does that mean that we do nothing in these areas? The answer is clear: that’s not the way we operate.
As far as I know, this interpretation [of the law] has not been tested, and I don’t know whether anyone would be interested in doing so.

Chairperson, Gothenburg.

The companies are under pressure as social responsibility and commercial interests have to be combined. The accounting methods allow this to be scrutinised. It is sometimes impossible for the companies to deal with the consequences of numerical methods. In these cases, renovation estimates are adjusted, which is proof that companies can make use of alternative solutions.

5.4 Alternative Calculations Are Available

Efforts have been made in some companies to deal with the consequences of differentiated yield requirements. In Gothenburg, there were plans for introducing a blanket discount rate, regardless of where in the city a public housing company was planning a project. Elsewhere, some public housing companies experience an impairment of value in the early stages of a project. According to these companies, it is not possible to build anything at all in certain areas unless the value is written down at the outset. Other examples include instances when a certain calculation technique is modified and the accounting method adjusted in order to make projects viable. The reasons given for these deviations from the established calculation method described in the previous sections are similar: extension of time and space, assuming that a single, limited project may have an impact on a wider geographical area and the value of property may increase in the long term. The following motivations were given:

I want to be extremely clear by saying that we make locations more attractive. We change the physical environment indoors as well as outdoors; and when we construct a new development, the attraction increases. When this occurs in one area, the value of property goes up; so in business terms, well, we don’t really know …

CEO Örebro

Despite this way of thinking [immediate impairment of value after construction], it’s still profitable. [...] This is a very populated area; in fact, we own all the properties here. We need to protect the value by looking after our holdings and eventually increase the rent revenue. In this way, the development extends beyond each individual building. Investments contribute to the development of an area, and the effects are very difficult to measure.
Similar reasons are given for a project that was conducted a few years ago:

> [It] cost about SEK 30 million to build, twice as much as the subsequent valuation. But we estimated that we would hold on to the property and that the flow of people would contribute to the attraction of the location. Even though the estimate doesn’t show any profit in this case, the costs can be carried by our large stock in the area.

_CFO, Malmö_

Ambitious, expensive retail premises in a Stockholm suburb are motivated in the same way:

> In this Rinkeby project, the social benefits and expected future return on investment will contribute favourably to the value of the property.

_Council documentation_

The Stockholm case is yet another example of the way a specific accounting measure makes a project possible despite the fact that strict DCF calculation shows a deficit. Instead of resorting to an open impairment of the property value when the investment proved not to be profitable, the company chose a different calculation method. The difference between the market value set by the valuation company and the reported book value (historical value minus depreciation) was identified as a gap. This difference made up half the investment and was thereby concealed in the fabricated gap in the accounting. The other half of the investment was calculated the conventional way; and with the appropriate conversion factor, the project showed profitability and the whole investment was realised. The calculation was hence based on half the cost and all the forecast revenue.

> Which means that the project does not carry the costs in itself; we use some of ‘the air’, if you see what I mean, in the existing holdings. [...] If it had been anywhere else [than Rinkeby], this would not have been possible, but here it’s a matter of improving these areas through investment.

_Financial officer, Stockholm_

Other companies found this approach questionable:
You can avoid an impairment of value by overvaluing the property [assigning a market value that is higher than the book value]. But in my view, the investment should always be realistic. I think you have to make a decision with the true consequences in mind, and then make legal modifications such as changing the property registration or whatever.

*CFO Malmö*

Companies deviate from the regular DCF method because the value of property increases in the long term and over a larger area. It becomes possible to get rid of limitations in the calculation method by extending the time frame as well as the geographical scope. As mentioned above, a number of methods are available. There is no evidence of projected advantages; it has more to do with optimistic conjecture. Furthermore, some of the arguments in favour of alternative calculations are explicitly political.

### 5.5 Political Resistance

The common argument for alternative calculations is that investments will be profitable in the long term and over a longer period. This reasoning draws on DCF thinking with a twist: you have to look beyond its limitations. Rising property values will in the future be proof of how well motivated the project was, even though it did not seem to be so at the time. However, some of the objections to the strict calculation method are rooted in political convictions.

According to our parent company, we have to keep our holdings for 50 years. […] We don’t own these properties for the sake of speculation. Looking at the cash flow, you will find that the value is the same in a C location as in an A location. This means that we can take that into account. Investments that are valued according to this model can in fact be profitable, provided that you look at it from this point of view.

*CFO Gothenburg*

Someone may argue that you can’t make a profit from new housing fast enough when you consider the requirement for impairment of value […] and claim that a certain development isn’t defendable from a financial and legal point of view. But
I think business principles are looked at from a very narrow perspective. Business principles do not necessarily imply short-term capitalism.

Chairperson Örebro

This overview of how municipal companies relate to new legislation identifies three positions: (1) adhere to conventional DCF-calculations with dependence on valuation data, (2) make alternative DCF-calculations to facilitate political aims, and (3) abstain from DCF-calculations as a political stance, pointing to the long-term municipal ownership. The three positions have different political implications, and they illustrate the role played by calculative practices in the public housing sector.

6. Discussion

In the 1940s, municipalities in Sweden began to set up public housing companies in order to secure housing for everyone, as opposed to the type of social housing based on means-testing that is common in many other countries. At the time, it was a political response to a serious housing crisis as well as an expression of the ambition to provide a welfare state for all. These companies were originally managed according to the same self-cost principle as other municipal entities. When new legislation was passed in 2011 that required public housing companies to be run in a business-like manner, there was an emphasis on profit, which led to the introduction of new accounting practices. This development was underpinned by presenting accounting as a technical practice beyond ideological dispute. This was clearly stated in the new law, which was otherwise characterised by vaguely expressed concepts and political compromises. Accordingly, Swedish public housing can be regarded as a special example of economisation. However, the overall situation for the Swedish companies resembles the conditions in many other countries where neoliberal housing policies have been introduced and sectors such as social or affordable housing have been moved in a more market-oriented direction (Blessing, 2016).

The nine companies included in this study and their calculation practices indicate how the Swedish shift has been met with local adaptions as well as resistance. The changes in the municipal housing sector will be analysed with the help of the interrelated spheres of calculation and non-calculation (Callon & Law, 2005), along with theories on the links between governance and accounting. This follows the suggestions by Mennicken and Miller (2012) to bring
governmentality and performativity studies closer. The notion of time and how the future is made governable are important themes in this section.

Calculative practices in connection with the interpretation of ‘business-like’ proved to be a major concern for the companies under study. A practice gradually emerged after 2011 where the application of DCF-methods and dependence on yield-data became pillars for assessing both new production of housing and the necessary renovations of older holdings. These new approaches had profound implications for many companies, especially concerning the differentiation of yields over the city and the consequences this had for the calculations. Such yield differences, and how they were applied in the calculations, made investments in externally located areas with socio-economic difficulties more problematic since yield levels often turned projects non profitable. The high yield levels in these traditional public housing holdings implied that future cash flow was depreciated more than in other areas. In contrast, the lower yield levels in central locations made future cash flow less depreciated, causing new production in city centres at the expense of housing in other areas of the cities. The same effect made renovations in socially deprived areas more expensive because depreciation of future cash flow was more drastic in these areas when high yield levels were applied in the DCF-calculation based on financial assumptions. Consequently, there is little room for building new affordable housing, which was the original rationale for introducing public housing in Sweden.

Thus, DCF-calculation drawing on yield data from valuation companies have a special relation to geography since the practice compresses and simplifies differences between areas in the city and among housing estates. This follows from accounting as a performative discipline (Muniesa, 2014) and shows the capacity of calculative metrics, such as yield, ‘to translate diverse and complex processes into a single financial figure’ (Miller, 2001, p. 381). However, the consequences of the calculations are not confined to geography but are relevant also when it comes to the notion of time.

6.1 Accounting and Time

According to Chiapello (2015), the DCF-technique prefers the present since discounting reduces the impact of the future and supports a short-sighted approach. The method in itself also assumes a stable development beyond crises and major shifts. This technique shares the historical aims of standard costing (Miller & O’Leary, 1994), namely, to make the future
manageable and time financialised. The yield metric assists in these ambitions, as future prospects (with risks included, Crosby & Henneberry, 2016) are compressed into a numerical figure. The following discussion will emphasise the importance of time and the future in two steps: (1) by using ideas from the governmentality school (Mennicken & Miller, 2012), claiming that accounting can territorialise and thereby economise both physical and abstract space; and (2) by applying terms from performativity approaches, calculable and non-calculable space (Callon & Law, 2005).

The companies in the case present no uniform picture of neoliberal accounting principles adopted without friction. The resistance takes many expressions, for instance, avoiding the new calculative practices entirely by regarding company holdings as long term with regard to social objectives. Another form of resistance is making counter calculations where financial reasoning is adopted in principle, but the numbers are adjusted to accomplish necessary investments even if they do not show profitability with a conventional adaption of DCF-methods. This variation depicts simultaneously different political standpoints. The suggestion that accounting territorialises by making both physical and abstract space calculable constitutes an initial step in this part of the paper, and the distinction between calculable versus non-calculable space (Callon & Law, 2005) identifies various forms of resistance in a following step.

6.2 Territorialising

In the first step, we ask, how can the term ‘territorialising’ shed light on the studied companies’ relation to calculations? The estates owned by the public housing companies are clear examples of the physical space accounting can make calculable; namely, the discounting technique and especially the application of the yield-metric change the character of the holdings. From a more shielded position where relatively anonymous assets are accounted for with the help of production or acquisition costs, these buildings and lands are now valued with reasonings and practices from the financial sector. They are made comparable with other investments and calculable in an entirely other context than as a municipal asset intended for providing citizens with housing.

Moreover, the new accounting operations also make the abstract future possible to calculate. Previous accounting practices in the companies made projections based on cash flow and credit costs – without assumptions of depreciated values derived from Financial Economics and the
underlying idea of liquid assets that are instantly replaceable with another investment. Calculations made through DCF and yield applications make the future governable by opening it up for financial transactions; however, another implication is that the manageability of the future also becomes potentially available for non-municipal actors.

6.3 Counter Calculations

The first step in understanding the specificities of the economisation of the Swedish housing sector took inspiration from Mennicken and Miller (2012), who discussed the territorialisation of physical and abstract space. The second step addresses the different forms of resistance by housing companies.

One position was to bring the assets into a non-calculable space (Callon & Law, 2005) and to avoid the financialised calculation practices. According to these municipalities, long-term holdings would not be put on the market, and there was less interest in collecting market data. Further, they stated that impairment of value and results received from negotiations with the valuation companies were to be levelled out over a longer period.

The other position was to conduct counter calculations within the calculable space but to adjust it to serve the political aims of the municipality. The municipalities who have taken this position adjusted numerical operations because there would be a return on investment in the long term. Time and space were expanded based on the assumption that the political intention to increase commercial activities in socially deprived areas will increase the value of a wide area. This approach made concrete the fundamental idea in performative studies that there is an infinite amount of calculations available, for those that have the capacity and knowledge to calculate. When the future is made calculable, as the previously described territorialising of the abstract, it also allows new factors to be considered. In this specific case, it concerns the long-term value growth not accounted for in a limited investment object and the consequences for a larger surrounding area of an investment. The paradoxical consequence is that whilst calculations are supposed to ‘disembed’, abstract and frame what is to be calculated (Muniesa, Millo, & Callon, 2007), the incorporation of ‘the future’ dissolves these restrictions in the practices found in some of the companies. Thus, calculating and managing the future creates possibilities not available with strict DCF-methods and yield applications.
Therefore, the possibilities created by making the future governable and calculable are crucial for the various forms of resistance practiced by the companies. Some companies use the future as an argument to bring the municipal assets into a non-calculable space (‘We are long term owners’). Others make use of the possibility and unpredictability of calculating the future to accomplish projects with entrepreneurial ambitions (‘We are confident this is profitable in a longer perspective’) or for middle-class groups.

6.4 Time and Governmentality

Mennicken and Miller (2012) suggest one of the merits of merging performative and governmentality approaches in accounting is that calculative practices also disclose various forms of governance. This case study describes how accounting infrastructure controls the companies’ willingness to be business-like. The legislation of 2011 reinforced a reorientation of housing policies starting in the 1990s, thereby diminishing the position public housing attained as the result of welfare policies in the 1930s and onwards. Accounting assists in reducing a welfare state by taking housing away from the policy field. Presented as a neutral arbiter, accounting works at a distance and beyond disputes on housing as a right or a commodity. This mode of governing mirrors how accounting has been viewed both in a neoliberal context (Chiapello, 2017) and in governmentality studies generally (Mennicken & Miller, 2012).

However, this study of changes in the accounting practices among Swedish public housing companies also shows how governing at a distance is no straight forward process; rather, it results in resistance, frictions and contradictions. These observations resemble those by Jollands and Quinn (2017) on Irish Water, as well as the prison case presented by Andrew and Cahill (2017) as new aspects of governance arise with the help of accounting.

Discounting future cash flow with the help of yield data from valuation companies constitutes a clean example of how accounting infrastructure attains a political role. This reasoning also fits well with the ambitions to bring municipal housing into an economic sphere. However, the experiences presented in this study depict an economisation process with impediments, where the calculation of the future as a notion creates ambiguities. The abstract future becomes unattainable to an extent that the whole idea of a neutral and representative accounting is questionable. By referring to the future, company holdings can be regarded as long term and
brought outside the calculative space: a position advocated by some municipality representatives. On the other hand, the uncertain future can open up investment alternatives, such as commercial activities or housing for middle-class groups, with reference to long-term revenues. Accounting for the future becomes a panacea for diverse political ambitions, in turn making accounting less useful as a neutral economisation instrument.

This points to a partly unstable position for economisation. Accounting practices, with their technicalities and underpinnings, can provide arguments for resistance – partly because the assumptions are deemed unrealistic, for example, that the future is made predictable without crises and unforeseen events. Another objection is that a municipal housing company cannot replace renovation or new projects with any kind of investment alternative. Thus, governing at a distance becomes more problematic, given how calculative practices open up for resistance and objections when assumptions are seen as unrealistic.

7. Conclusion

This paper has described both the conditions for and the consequences of (Mennicken & Miller, 2012) an economisation (Çalışkan & Callon, 2009, 2010) of Swedish Public housing. Neoliberal housing policies evolving from the early 1990s provide a backdrop due to the threat they have posed on ambitions to provide housing without means testing for the entire population.

Further, the paper has outlined the consequences of the accounting infrastructure facilitating economisation. Affordable housing, the historical rationale for the sector, has been impeded due to the application of DCF drawing on yield metrics. This practice has instead favoured projects targeting affluent tenants. Meanwhile, renovations have raised rents for the upgraded apartments.

Economisation implies that calculative space expands into new domains. This can apply to physical space, exemplified by the buildings and land possessed by the studied companies. Such assets have been included in a calculative space and have become modified and reconfigured through various numerical operations. Time constitutes a crucial factor in these rearrangements because it constitutes an important part of DCF and yield.
Bringing the future, as a more abstract entity, into a calculable space is more problematic, this paper suggests. The vagueness of the future questions the perception of accounting as a firm and stable discipline. The examples from this study point to how diverse understandings of the future can justify bringing residential holdings into a non-calculable sphere (Callon & Law, 2005) or result in counter calculations based on assumptions of future value increases on commercial investments.

A final note concerns the future. Bringing an abstract future into calculable space makes the future governable, primarily for the municipal owners. Nevertheless, this widening of calculable space also creates opportunities for other actors. For instance, over the last five years, financial investors have shown interest for housing estates in socially deprived areas in Sweden. Several private equity firms, among them Blackstone, have acquired holdings and turned previously marginalised estates into profitable investments. The conditions for calculations have changed slightly with the entrance of these actors, but the accounting infrastructure making these investments possible was already in place. Some financial actors have also met municipal resistance, underlining the political importance of housing and the continual tension between housing as a right and as a commodity.

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