

## Homelessness and The Tertiary Welfare System in Sweden - Welfare State and Non-profit Sector

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*This article discusses homelessness in Sweden in relation to the organization of the 'universalistic' welfare system, with special focus upon the boundaries inherent in the system and the role of the non-profit sector within the field of welfare services to homeless people. The empirical material consists of comparative case studies conducted in four Swedish municipalities: Stockholm, Malmö, Kristianstad and Eskilstuna; the study intended to illuminate the complexity of homelessness and especially the organisational setting dealing with this phenomenon, using the qualitative research methods of interviews and document analyses. We outline a path-dependent model relating to the organization of the welfare system on the one hand and the housing market on the other, and how these interact. We detect three levels in the Swedish welfare system. First, the universal, labour-income based system, provided by national governmental agencies. Secondly, the local public social welfare system, based on means-tested social allowances, and thirdly, a non-profit welfare system based on charity. The housing market is organized according to parallel boundaries – the regular housing market, a "secondary" housing market administered by the local social authorities and a "tertiary system" basically consisting of emergency housing and shelters organized by non-profit organisations. The non-profit sector has a strong tradition of help to the homeless that existed prior to the development of the welfare state and it has continued to play an important, and lately a growing, role within the niche of shelters and services to homeless people, parallel to the publicly organized welfare system.*

### Introduction

In this article the issue of homelessness is discussed with the point of departure in the organizational setting of the Swedish 'universalistic' welfare system. The aim is to illustrate the inherent boundaries of the welfare state and how this affects policy and practice towards homelessness. A particular focus is placed on the role of the non-profit sector within the field.

Our empirical grounds are comparative case studies in four Swedish municipalities: Stockholm, Malmö, Kristianstad and Eskilstuna,<sup>1</sup> the former two representing large Swedish cities and the latter two middle-size towns. The case studies were conducted between 2003 and 2005 using qualitative research methods – interviews, vignette cases and document analysis. We interviewed actors representing a broad range of organisations and institutions; local politicians, social authorities, non-profit organizations, landlords, and representatives of correctional and of psychiatric care. The cases will not be

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<sup>1</sup> The population of Stockholm city on December 31, 2007 was 795 163 inhabitants, of Malmö 280 801, of Eskilstuna 93 343 and of Kristianstad 77 245.

presented in any detail in this article, but taken together they form the basis for our line of argument, and some empirical examples will be given to substantiate our discussions.<sup>2</sup> We begin with a description of the homeless situation in Sweden and the complexity inherent in this issue. We discuss the boundaries of the welfare system. Thereafter, we argue for what we call the “vicious circle of exclusion” to which homeless persons are subjected. We describe the primary, the secondary and the tertiary welfare systems related to the housing market. We then consider the role of non-profit organisations from an historical point of view as well as today in local practice and more particularly in organising shelters, before rounding off with some concluding remarks.

### **The Homeless Situation in Sweden**

The rate of homelessness is by international comparison fairly low in Sweden. Still, the very existence of homelessness must be regarded as a serious failure in a developed welfare society. Since the early 1990's, The Swedish National Board of Health and Welfare (NBHW) – the central authority responsible for social issues – have conducted three nationwide surveys on social services clients and shelter residents; in 1993, 1999 and 2005. The NBHW surveys are not quite comparable over time due to the somewhat different definitions of homelessness that have been used, but they present indications as to changes taking place. The conclusions drawn by the NBHW is that homelessness did not increase during the 1990's but that the structure of the homeless population changed. The share of women increased, as too the share of people with psychiatric problems, while the situation for people defined as rough sleepers worsened. In the latest survey from 2005 a wider definition was used, which revealed a substantial increase in the numbers of the homeless.<sup>3</sup> When adjusted to definitions in earlier surveys the conclusion is that the homeless population has grown between 1999 and 2005. In 2005 there were approximately 17 800 homeless persons in Sweden (21 per 10 000 inhabitants at the national level), 74 per cent of them male and 26 per cent

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<sup>3</sup> NBHW 2005 uses the following definitions: (1) A person referred to emergency accommodation, sheltered accommodation/hostel, short-term accommodation or sleeping rough. (2) A person admitted to or registered at a prison, a treatment unit, supported social services or county council accommodation, private care provider, community home or National Board of Institutional Care institution and intended for discharge within three months after the measurement period but without any prearranged accommodation before being discharged or moving out. (3) A person admitted to or registered at a treatment unit, supported social services or county council accommodation, private care provider, community home or National Board of Institutional Care institution and not intended for discharge within three months but without any prearranged accommodation in the event that he/she should be discharged or should move out at some future time. (4) A person living temporarily and without a contract with friends, acquaintances, family, relatives or with a temporary (shorter than three months after the measurement period) lodging or subletting contract and who on the basis of this situation has sought help or been in contact with the authority or organisation providing information during the measurement period (Socialstyrelsen 2000).

female. A large share of the homeless – 62 per cent – have problems with drug abuse and about 40 per cent are considered to have psychiatric problems (a large part even a so-called dual diagnosis) (Socialstyrelsen 2006). Homelessness in Sweden is primarily an urban problem – 42 per cent of the homeless are reported from the three largest metropolitan areas in Sweden – but the NBHW surveys also reveal that the problem, if small scale, is widespread and exists in a large share of Swedish municipalities.

In our case studies we looked into how the issue of homelessness is addressed at the local level and this appeared to differ considerably, especially between municipalities of different sizes. It is also important to stress that local governments in Sweden traditionally have a very strong and independent role vis-à-vis central government, which gives scope for a development of local policies and local solutions to social welfare supply (Nordfeldt 2007). During our perusal of local political documents in our four chosen municipalities it became clear that homelessness as a problem exists on the political agenda of the two large cities but is not an issue more closely discussed in the two middle-size towns.

### **The Complexity of Homelessness**

Homelessness is a complicated issue; at the individual level, for persons and households in this situation, and at the societal level, being a matter that cuts across different policy fields and has no simple explanations and solutions. Homelessness is by definition a housing problem. To be homeless means to not be in possession of secure and adequate housing. But homelessness in the Swedish society is more commonly regarded as an individual social problem. Surveys on homelessness show that a substantial share of the homeless people have different kinds of social problems as well, besides the lack of housing. It is hard to establish which comes first of these combinations of problems, “the hen or the egg.” Research on homelessness in recent decades has moved from explanations focusing primarily on individual characteristics and problems to looking at structural conditions such as excluding mechanisms from housing and labour markets and to regarding the condition as the outcome of a combination and interaction of structural and individual factors (Wolch & Dear, 1993, Burt et al, 2001, Swärd, 1998).

Housing is undoubtedly a market commodity but can also be regarded as a welfare right (Bengtsson, 1999). In the last few decades the emphasis on market orientation within the public sector has grown stronger, which has affected the extent of public control over the allocation of housing. At the same time, Swedish housing policy has changed. An outcome of these changes is that the *social* element of housing policy has been more or less dismantled (Sahlin, 2006). This has also led to a shift in the view of homelessness on the political agenda, from a structural housing issue to an individual social problem. The dismantled social housing policy has resulted in the development of a local homelessness policy at the municipal level directed towards caring for homeless clients via the social services (Löfstrand, 2005). This political change also has organizational

implications. Issues earlier considered to be national problems related to the housing market or to the labour market are now the responsibility of the local social services authorities and by extension – as will be argued – of Christian non profit organisations (see Olsson, 2007).

### **The Boundaries of the Welfare System**

The complexity of the homelessness situation can be illustrated by considering the inherent boundaries of the welfare system (Olsson, 2007). In every organised system there are boundaries and selection of members, with rules of inclusion and exclusion (Hechter, 1987, Tilly, 1998). The organised welfare system in Sweden is often described as comprehensive, based on solidarity and general allowances, in Esping-Andersen's (1990) typology characterized as a social democratic welfare state regime. The primary welfare system is based on income-related, non-means-tested allowances. This system is therefore strongly connected to labour and earned income (see e.g. *SOU 2000:3, Försäkringskassan*, 2005). Unemployment and sickness benefits, for instance, are based on previous labour income. This can be seen as the first boundary, both for citizens<sup>4</sup> and for organisations working with welfare provision. The majority of citizens' welfare-related issues are taken care of by the national insurance, but it is still a labour-income related welfare system. This is mainly organised by public and governmental authorities with national responsibility and a national programme.

Labour income is the key to the primary welfare system. A marginal position in relation to the labour market or total exclusion also means by and large to be excluded from the primary welfare system and assigned to the secondary one, administered by local social authorities and regulated by the Social Services Act (SFS 2001:453), where social security allowances are means tested.

Since homelessness is primarily addressed as an individual social problem, responsibility lies with the local (public) social authorities at the municipal level, which carry the responsibility according to the Social Services Act to provide means and housing for people not able to achieve this for themselves. Part of the secondary welfare system is therefore the secondary housing market, which is administered by the local social authorities. This segment of housing consists of different kinds of transitional dwellings; shelters, monitored or supported housing, and various "social contracts", e.g. emergency housing, training flats and transitional contracts; the terms used for these types of housing differ between different municipalities. Local social authorities possess the contract and sublease to homeless clients. These different kinds of shelters and dwellings are often organised in a so-called "staircase of transition". This has become a common practice among local social authorities for assisted housing and builds upon the

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<sup>4</sup> The definition of the term citizen is ostensive, denoting persons living in Sweden more or less permanently. Since the general and universalistic welfare system discriminates between people with labour income and those with no income, many newly arrived people are not insured and not able to claim benefits from these systems.

logic that homeless people should advance stepwise upwards under control and supervision to housing with better conditions in terms of physical standards and space, integrity, freedom and security of tenure (Sahlin, 1996, 1998, 2005). This secondary housing market has clearly expanded in the Swedish municipalities. Research from the early 2000's shows an expansion by 58 per cent during the 1990's (Sahlin, 2007).

The problematic part is that the provision of secondary housing through the local social authorities seems to exclude people even more from the regular housing market (Sahlin, 2007). For one thing, the social authorities operate outside the regular housing market and have no means of affecting the allocation of housing. We can hence speak of a *vicious circle of exclusion* (Nordfeldt & Olsson, 2006), where the secondary welfare and housing system possesses inherent excluding mechanisms that hinder re-entrance to the primary welfare and housing system.

Every organisation (public, private or non-profit) has to deal with limited collective resources and so develops a certain limitation in range of practice (Hechter, 1987, Ahrne & Papakostas, 2002). The social authorities also operate within boundaries, with inherent restrictions on their organisational repertoires that tend to be based on traditional practices and rules. The Social Services Act is general, but social authorities working at the local level apply local interpretations and develop local practices based on their specific local situation, long-term traditions and generally scarce resources.

Beyond the second welfare system there is a 'tertiary' system for persons who fall through the 'safety net' and are excluded from both the primary and the secondary systems. The tertiary system consists mainly of non-profit organisations working beyond the public sphere but at the same time very much dependent on financing from the local public authorities, although concerned citizens/philanthropists and some private companies also give support to this system. The plight of the homeless has historically been and still is a niche taken on by non-profit organisations and charities; a system in existence long before the Swedish modern welfare began to take shape around the Second World War, when the welfare state took over tasks from the non-profit sector and became the dominant producer of social welfare services. By tradition, non-profit organisations working with the homeless are often related to the Swedish Church but are also organised by the Christian free churches. Having been working with the issue of homelessness for over 100 years, these organisations have developed knowledge and practice, and have secured legitimacy. Although formed to meet the social problems brought about by 19<sup>th</sup> century urbanisation, as their focus is on the individual, they nevertheless continue to fit quite well into the (new) individualistic homelessness paradigm (Olsson, 2007, Lundström, 2004, Qvarsell, 1995, Runquist, 2000).

To sum up, one can claim that the primary welfare system deals with long-term structural social issues; that the secondary welfare system deals with local

individual social problems, and that the tertiary social welfare system deals with the often more acute, individual social problems of the most marginalised or excluded.

### **The Vicious Circle of Exclusion**

Without regular wage labour a person in a welfare system of the Swedish type is relatively disadvantaged. Lack of a regular job creates high threshold effects and without a regular income there are limited possibilities of renting or of buying an apartment (Nordfeldt & Olsson, 2006).

Falling out of the secondary welfare system can be said to triple these negative effects. There is almost no possibility of re-entering the regular housing market from a reliance on third system organisations. Our claim is that the overall organisation of the general welfare system is beneficial for most citizens and provides social security for the majority of Sweden's inhabitants but that it has unintended consequences for marginal groups. While the large majority who have incomes manage well, the small part of the population dependent on local social authorities can be distinguished by time dependent on social support. There are groups with a marginal position vis-à-vis the labour market that move between positions of employment, unemployment benefits and short-term dependence on social allowances. These groups are usually not excluded from the housing market but possess a housing contract or own their own homes since they work from time to time (Svedberg, 1995). Then there are groups with a more marginal or excluded position in relation to the labour market, who are long-term dependent on social allowances. With tougher requirements from landlords for e.g. personal references, a steady income, and absence of previous problems with non-payment of debts, these groups face severe difficulties in passing the gate to the primary housing market, since they neither possess the economic resources to purchase a house or an apartment, nor have an income that is high enough to be able to get a housing loan from a bank.

This last group often becomes dependent on the local social authorities secondary housing market and the effect is long-term withdrawal from the regular housing market. There is then the risk of finding oneself in a Catch-22 situation, where a marginal position on the housing market and/or on the labour market tends to strengthen each other. Not having a regular job makes it almost impossible to get a proper place to live; not having a permanent address makes it almost impossible to get a decent job. This can be called the *vicious circle of exclusion*. The group of homeless people with the most complex problems are therefore often found within the tertiary housing system of emergency shelters, supplied by non-profit organisations.

## The Primary, Secondary and Tertiary Welfare Systems in Relation to the Housing Market

To briefly sum up; there is interdependence between the public sector organisation of the welfare system and the welfare offered by non-profit organisations and charities (see Table 1). The division of labour and organisation of the welfare systems also affects the overall organisation of the housing markets; especially how the primary and secondary housing markets are organised and how much is left over to the tertiary housing system. In the table below we present a description of relations between welfare systems and housing markets and the degree of individual freedom of choice that is inherent in these systems.

Table 1. Description of different welfare and housing market systems

Welfare system	First, general welfare system. Based on income	Secondary, local public social welfare system. Based on means test.	Tertiary, non-profit welfare system. Based on charity.
Housing system	First housing market. Based on income.	Secondary housing market. Based on Social Services Act but also personal behaviour.	Tertiary housing. Based on acute social need.
Degree of freedom within the system for the citizen	High	Low	Very low, but some people may choose these systems because they distrust the public systems

Overall this creates a division of labour between the national level and the local level and more profoundly, in the case of homelessness, a division of labour at the local level. This also creates rather manifest organisational repertoires and limited degrees of flexibility. The division between the primary and the secondary welfare systems creates specific organisational outcomes and repertoires, which in turn has created a window of opportunity for other organisational forms to build new forms of activities. In the case of homelessness the niche was actually filled long before the modern welfare state was created when the non-profit organisations and charities crowded out other possible organisational forms and thereby also other organisational repertoires. But the division of labour also creates organisational inflexibility and a set manner of using resources. We therefore anticipate a rather limited number of actors outside the public sector, with an organisational repertoire not too amenable to change – when it comes to homelessness – that are predicted to work with acute social need (read shelters) and have a strong Christian ideological connection (Olsson, 2007, Knutagård & Nordfeldt, 2007, see also Ahrne & Papakostas, 2002).

### Spatial “Isomorphism” in Local Solutions

The Swedish municipalities’ relatively high degree of autonomy gives them opportunity to develop local welfare systems, adjusted to local needs and based on local resources. Yet, when studying the field of homelessness the local models are surprisingly homogeneous. The phenomenon that agents working within the same

organizational field tend to adjust their structure and organisation to each other and become more alike has been labelled by DiMaggio and Powell (1991) “institutional isomorphism”. Our case studies suggest that there is also a “spatial isomorphism” in relation to homelessness as an organisational field, which implies that solutions tend to be similar even in different local contexts. The same model dominates the local authorities’ work in all our four case studies, even though there are some local variations. The current dominant model is the “staircase of transition” described above (Sahlin, 1996, 1998, 2005).

We found that the spatial isomorphism is consistent over time, which means that path dependence develops to certain solutions, even though new (and revived old) ideas spread across space, between municipalities. Municipalities tend to imitate each other. A common way is that models travel from the larger cities to the smaller towns. At the time of our case studies the city of Malmö was discussing the introduction of a “roof over the head guarantee,” a model originated in Stockholm at the end of the 1990’s. In the last decade, new levels in the staircase model have also been introduced, for example so-called “low threshold housing” – another idea originated in the larger cities – which means relinquishment of previous demands on persons to be drug free before being offered housing.

These diffusion processes take place also when the models are not proven to be successful and sometimes even have proved to be failures, which can be called emulation according to “garbage-can theory”, i.e. the chosen solution to a specific problem need not be the most rational nor the most effective. Solutions tend to seek out problems rather than the reverse (Cohen, March & Olsen, 1972). The staircase of transition model has been criticized by researchers as a less than effective way of solving the homeless problem, since it tends rather to reinforce homelessness (Sahlin 2005). A problem recurring, for example, in all our four cases is the “bottleneck” at the highest step preceding the projected step to the regular housing market, which causes the secondary housing market to grow.

Another striking example of the weakness of the model is the re-establishment in many municipalities of the same type of shelters that had been so heavily criticized and for a period of time – during the 1970’s and 1980’s – more or less abolished, to which we will return below. But there was little difference among the four cities and any actual variation could be explained by the size (number of inhabitants) of the city.

## **The Role of Non-profit Organisations – Both Path Dependence and Innovation**

We need to expound a little here on the role and understanding of the non-profit sector in Sweden. This sector is relatively large by international comparison and fills several different roles. The long tradition of the Swedish non-profit sector is membership-based ownership, democratic organisational structures and voluntary

work. Non-profit organisations have since the 1930's been regarded as schools for democracy and citizenship, and as instruments for political mobilisation as well as sharing the responsibility for developing and carrying out employment policies (Olsson, et al, 2008). In this respect the role of the Swedish non-profit sector – as in other Scandinavian countries – differs from that of many other European countries.

Another traditional role of the non-profit sector, before the initiation of the modern welfare state in the 1930's, was charitable welfare work. But as welfare tasks were incorporated into and supplied by the welfare state the share of the non-profit sector engaged in core welfare domains became very limited. So that the position of non-profit organisations in the Swedish welfare state has not been uncomplicated over time, especially during the employment of structural political solutions following the Second World War and up to the 1990's. Still, in some leftover niches the non-profit organisations continued to play an important role – alongside the welfare state – in the fields of services for homeless people and treatment for alcohol and drug abuse (Lundström & Svedberg, 2003).

In the early 1990's, however, interest in the non-profit sector as a complement to the social welfare domain started to change. Dissatisfaction with the welfare state and growing economic problems within the public sector made politicians and state officials begin to look for viable alternatives to state provisions. Deregulation and privatisation of the public sector in Sweden as in many other European countries opened up opportunities for non-profit organisations to initiate and/or increase their welfare and social service activities (Brandsen, et al, 2008). Still, there has been no fast or considerable growth of non-profit welfare and social services, but a slow and steady increase in some fields. The development in recent years has been some growth within the field of health and an ongoing effort from the side of the sector and recently from the government to develop clearer rules for interaction between the state and the non-profit sector (*ibid*).

This growing interest in the non-profit sector has been explained, on the one hand, from ideological standpoints as a critique of a too powerful, too bureaucratic welfare state excessively groping into people's private lives. But the need to reform the welfare state can also be explained by growing financial pressures on the public sector and especially the provision of core welfare services at municipal level (Olsson et al, 2008, Lundström & Svedberg, 2003).

As a result, the Swedish welfare state now involves a small but significant share of service delivery from both the private and the non-profit sectors, although the public sector has remained the dominant actor in the welfare field with state owned and controlled welfare services accounting for just under 90 per cent of welfare service employment (Brandsen et al, 2008, Trydegård, 2001).

In the four investigated municipalities there seems to be broad political consensus for the involvement of non-profit organisations. The strongest opposition actually

comes from an organisation run for and by homeless people, which is demanding housing and not charity and shelters. But as mentioned earlier, there is also a strong tendency in every organisation to continue as before. Several of the Christian based organisations emerged during socially unstable times. (Olsson, 2007, Swärd, 1998, Meeuwse, Sunesson & Swärd, 2000). To provide a bed for the night and a meal was the task then and still today is an important mission. This pattern, typical from the time they emerged, is inherent within the Christian organisations – a sort of “social DNA” imprinted on the organisation (Olsson, 2007) – and their ability to act in another way seems limited (Stinchcombe, 1986). The probability, therefore, of new patterns or new organisational behaviour springing up within these traditional organisations is small. This is also true of the local social authorities. Changes in the environment and in habits demand new organisational settings. What we see at the local level are rather fixed and predictable solutions. If innovations occur, they will most probably stem from new initiatives outside the niche of dominating organisations (both the public and the non-profit ones), and in spaces not inhabited by the old organisations.

### **The “Tertiary Welfare System” in Local Practice**

To briefly illustrate our empirical findings at the municipal level; one interviewed non-profit manager pointed out the risk that the church and non-profit organisations are considered, and used as, the last resort by local authorities. “At the same time”, he said, “It is our role to help people in acute situations, not asking any questions about reasons and actual needs. This is part of our ideology.” This view was common among the non-profit organisations but also known and shared by the local public authorities. Politicians appreciate the non-profit organisations working with homelessness in terms of choice and variety. One public officer’s comment was that not all people want to have contact with local authorities. Another politician recognized the public sector responsibility but commented that non-profit organisations were probably better at handling social support, reflecting an overall public sector view that since these organisations operate at “street level” and, as he felt, persons working in non-profit organisations are more personally involved, non-profit organisations are “better” at handling acute situations. Acuteness was a common organisational theme. An overall view shared by both public and non-profit actors was that acuteness seems to work as a divisor of labour, or as many also expressed it, non-profit organisations are a vital complement to the public sector. This is wholly in line with Tilly’s (1998) suggestion that it may be a shared interest to entertain the same perspective, since this joint view benefits all parts.

### **Emergency Shelters as a Recurrent Solution**

One example of a new development which illustrates the organisational “path dependence” is the re-emergence of emergency shelters, as is the case in our four municipalities. Since the mid-1990’s the number of emergency shelters and share of municipalities that holds such shelters has increased. This is a model that is spreading between the municipalities, although not a new model or innovation.

The re-emergence of shelters is a common feature of our four cases and in line with the growing municipal tendency to turn to the non-profit organisations for solutions for the rough sleepers and persons regarded as more or less chronically homeless, following a common understanding that non-profit organisations are better suited to handle acute need.

The re-emergence of shelters can be seen as a rather noteworthy development. During most of the 20<sup>th</sup> century emergency shelters were criticized for their low standards and as unworthy human lodgings. During the 1960's and 1970's most of the shelters in Sweden were therefore shut down and replaced by other forms of housing. The "new" shelters are in many ways based on the same ideas and spatially designed in much the same way as the old "traditional" 19<sup>th</sup> century shelters – they cover basic needs, have strict rules and there is little or no "home" furnishing (Knutagård & Nordfeldt, 2007). A reason for this return to the old is the tradition kept within the family of the Swedish Church and a restricted group of Christian-ideology non-profit organisations (Olsson, 2007). Even if the form was nearly gone, the knowledge of the old practice remained within this specific setting and at a time of perceived need, the shelters were seen as an immediate response to that need. It is also seen as a tangible sign of endeavour. From the local public authority viewpoint the last dimension should not be underestimated. The growth of emergency shelters is a revival of old ideas, steeped in historical experience and kept alive in old, still functioning organisations that also fits in with the public sector organisational division of labour between municipality and central government.

## Conclusions

In this article we have intended to shed some light on the phenomenon of homelessness in Sweden; especially the organisational setting dealing with this problem and both the traditional and the new role of the non-profit sector. We have tried to outline a path-dependent model relating to the organisation of welfare and the housing market and how these interact. In the Swedish welfare system we detect three levels. *First*, the universal and labour-income related system provided by national governmental agencies. *Secondly*, the local public social welfare system, based on means-tested social allowances, and *thirdly*, a non-profit welfare system based on charity. The organisation of the local public social welfare system is dependent on a boundary drawn in the general or primary welfare system. The organisation of the tertiary welfare system is dependent on the boundary drawn in the local public (secondary) social welfare system. Boundaries are drawn, as in every organisational setting, because of limited resources as well as the tendency to cling to previous organisational practice.

The housing market system has a strong connection to the welfare systems. *First*, there is an open housing market based on income. *Secondly*, there is a 'secondary' housing market, based on the Social Services Act but also steered by individual behaviour. *Thirdly*, there is tertiary housing (shelters), based on acute social need. The secondary housing market system is organised by local public social

authorities and the tertiary housing system mainly by non-profit organisations and charities.

We have tried to show how the universalistic welfare system (see Esping Andersen, 1990) includes a majority of the population and excludes a minor proportion. This exclusion is mainly based on having or not having an income from labour. The Social Services Act guarantees people a place to live and means-tested financial support. But there is also exclusion by the local public social authorities, due to lack of resources or lack of organisational repertoire. This creates a window of opportunity or specific niche for non-profit organisations and charities. Based on long tradition, many of these organisations have a Christian ideology and with their long-standing legitimacy there often seems to be a preference for these types of organisation. The more individualistic solutions provided by non-profit organisations seem to fit with an overall individualistic paradigm view of social problems – both at the local and also at the central national level – and hence of homelessness.

Even though the modern welfare state is based on ideas of generality, to cover all basic needs, there have always been non-profit organisations working with marginalized groups. When we analyse the welfare system from the point of view of organisational theory it actually makes sense that we still can see non-profit organisations and charities working with homelessness. The obvious reason is boundary-drawing within the public sector itself. The public sector at the local level provides resources and also legitimates these non-profit organisations, which are (mostly) seen as long-term providers, in spite of their inherently “correct” organisational manner of dealing with homelessness, mostly spelled shelters. The division of labour between local public social authorities and the non-profit organisations and charities means that the latter more often work with people with little or no contact with the public sector, many of whom are in a very rough and acute situation, while the local social authority works more long-term with people in less acute need. Often the work done by the non-profit organisations is seen as the first step, but as we see it, a huge step.

The main responsibility for the issue of homelessness is today placed with the local authorities who provide solutions on the individual level. National policy addresses first of all local level solutions and not so much the underlying structural housing problems. This is mainly due to organisational forms and former practice, where new forms of organisations and new forms of working with homelessness are unintentionally and intentionally hindered by old organisations and traditions (both public and non-profit). A large obstacle in Sweden is how to combine national and structural measures with local responsibility and also with individual and local solutions; but this appears difficult due to a long range of divisions of labour.

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