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Tenant Voice – As Strong as It Gets. Exit, Voice and Loyalty in Housing Renovation

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ABSTRACT

This article applies Hirschman's model of exit, voice and loyalty to a Swedish case of housing renovation in a building with comparatively well-off tenants. Hirschman's framework is particularly well suited for understanding the housing market with its heterogeneity and high transaction and attachment costs, and accordingly strong loyalty and voice. Our study indicates that the exit-voice-loyalty framework is a useful tool for analysing renovation processes, since these trigger both voice and exit behaviour. We argue that renovations can be considered as critical junctures to an existing tenant–landlord relation, thereby exposing power relations on the housing market. In the case studied, tenants were not able to affect the scope of the renovation directly, but tenant voice did affect the process as well as the outcome in other respects. The capable tenant group makes this a "most likely case" for testing the limits of tenant influence in housing renovation processes.

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Introduction

This article discusses tenants' reactions to housing renovation. It builds on Hirschman's (1970, 1993) theory about how consumers act in the face of discontent, based on the interrelated concepts *exit*, *voice* and *loyalty*, in order to address how consumer action can affect quality in a product or service. Recently, Chisholm, Howden-Chapman, and Fougere (2016) have demonstrated the relevance of Hirschman's theory to housing and neighbourhood development, but our study is the first to apply the exit-voice-loyalty model to *housing renovation*. Renovations are complex processes and can be considered as *critical junctures*; testing the relation between landlord and residents and often changing the path of local development (cf. Collier and Collier 2002). Unlike the construction of new housing, renovations affect existing tenants. During renovations, tenants may need temporary replacement housing or have to cope with noise and disturbances, and in the end, also risk facing increased rents. It is therefore not surprising that renovation processes often are characterized by a strong voice element, such as resident protests and legal conflicts.

Furthermore, renovation processes often trigger tenant mobility. Perhaps the most common reason discussed is that higher rents make tenants choose to, or force them to,

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move to another building, neighbourhood or city. The mobility patterns resulting from large-scale renovation processes may have an impact on whole neighbourhoods or city structures, so understanding the micro-processes of exit, voice and loyalty may also contribute to a better understanding at the macro level.

Most previous research on housing renovation focuses on technical and economic aspects, in particular related to energy efficiency (Abdul Hamid et al. 2018), whereas more socio-political studies on renovation often concern macro patterns of displacement and gentrification (e.g. Baeten et al. 2017). Studies which, like ours, have a micro perspective (e.g. Carmon 2002; Gram-Hanssen 2014; Guerra-Santin et al., 2017), address users but not the tenant–landlord relation. One exception is Ástmarsson, Jensen, and Maslesa (2013), who discuss the principal–agent problem between tenants and landlord, but do not relate their analysis to the specific characteristics of housing markets.

The aim of this paper is to explore if the Hirschman model may improve our *understanding of the tenant–landlord relations* in housing renovation. This is done by applying the model to a case of housing renovation in Sweden, which ended up in a prolonged conflict between tenants and landlord. What makes this case of particular interest is that the tenant group was well educated and well organized, and we consider them to have a particularly strong voice, both individually and collectively. In consequence, and in accordance with a “most likely case”-logic (Eckstein 1975; Flyvbjerg 2006), our case is particularly useful for understanding the tenant–landlord relation in housing renovation by giving evidence about the mechanisms of voice and, in consequence, of exit and loyalty as well, thus testing the limits of what tenant voice may accomplish. Our overall conclusion is that the Hirschman model is a useful tool for providing structure to the complex tenant–landlord relations in housing renovation.

In order to answer our over-arching theoretical question, several more specific research questions are addressed. How was the voice mechanism, especially collective voice, exercised, and how did it relate to loyalty? Whose interests were taken into consideration in the renovation process? To what extent did the voice mechanism matter – and how?

In the following section we discuss Hirschman’s model in relation to housing in general, and to housing renovation specifically, followed by a discussion of the methods and materials used. Next, we provide a brief presentation of the legislative and political conditions for housing renovation in the Swedish context, followed by an overview of the case building and the renovation process. The subsequent empirical section is organized on the basis of the elements of Hirschman’s model: loyalty, voice and finally exit. In the conclusions, we argue that the patterns and mechanisms observed in our case are of general relevance, and the exit-voice-loyalty framework thus opens up for fruitful comparison with other cases in different contexts.

Exit, Voice and Loyalty in Housing Renovation – Theoretical Background

The exit-voice-loyalty framework can be understood as a model of how markets work, combining concepts from economics and political science. Hirschman’s framework provides a general understanding of consumer response in the face of dissatisfaction, and ultimately how consumer behaviour may improve quality. The word “consumer” can also

be replaced by e.g. "citizen" or "employee", and the model has been applied in many fields, including organization and work life (Rusbult et al. 1988), public services (Di John 2007; Lyons, Lowery, and Hoogland de Hoog 1992) and political processes (Dowding and John 2012). The voice and exit mechanisms are interrelated, and the difficulty of exit tends to trigger the voice mechanism. Hirschman's concept of loyalty explains the interrelation of voice and exit: "As a rule then, loyalty holds exit at bay and activates voice" (Hirschman 1970, 78). If there is no perceived response to expressed dissatisfaction, a person who has engaged in the voice mechanism may in the end choose to exit. Hirschman observes that both voice and exit have greater costs and are less available to the poor (Hirschman 1981, 220).

Chisholm, Howden-Chapman, and Fougere (2016) review applications of Hirschman's framework to housing: homeowners' response to neighbourhood decline; homeless people's response to policing; tenants' response to opportunities to buy their home or to become involved in participation schemes; and private tenants' response to dissatisfaction in their housing. They suggest that the framework could give insight into tenant collective voice in different types of national housing systems (381), and conclude their review by noting, in line with Dowding et al. (2000), that a number of studies use "exit" and "voice" merely as descriptors and not as elements of a comprehensive theoretical model (396). By adopting Hirschman's original model, where "exit", "voice" and "loyalty" are interrelated concepts used to analyse the actions of discontent consumers, we contribute to the body of work on exit-voice-loyalty and housing by studying what these concepts represent in the context of housing renovation. By applying Hirschman's model to renovation as a critical case of tenant-landlord relations, we also develop the theoretical argument about its relevance to housing studies.

Housing differs from other goods in several respects (cf. Arnott 1987). One important characteristic of housing is its unique location, which implies that no two housing units are perfect substitutes. Location implies proximity to schools, workplaces and public services as well as amenities. Housing is a highly heterogeneous good also in other respects, and subject to high economic transaction costs as well as social and psychological attachment costs (Dynarski 1986). In order to exit voluntarily, people will need to find new housing that meets their preferences. Strong loyalty and low attractiveness of exit lead us to expect that the voice mechanism should be an important strategy for tenants and thus crucial for understanding the landlord-tenant relationship more generally.

We consider renovations a critical social context where, unlike the construction phase, tenants are present and directly affected by often fundamental change, including raised rents. Both the process and the outcome of the renovation may cause dissatisfaction and trigger voice, or exit from the building, and loyalty may affect what options are chosen. Renovations can be seen as critical junctures providing an opportunity to study the exit, voice and loyalty mechanisms and thus understanding power relations on the housing market.

Our theoretical discussion starts with the loyalty mechanism, since we interpret loyalty as a determinant of exit and voice. We then discuss the voice mechanism, which we expect to be strong but also complex in housing renovation, given that several processes are interrelated. Finally, exit typically marks the end of the tenant-landlord relationship.

The Mechanism of Loyalty in Housing Renovation

The mechanism of loyalty is crucial to housing in general – and housing renovation in particular. The long-term relations between residents and their landlord, their building and neighbourhood, as well as within the collective of neighbours, often breed strong loyalty. In general, this can be expected to encourage voice and discourage exit.

The object of loyalty may differ, and the money, time and effort a household has invested may affect its strength. We identify three different types of relevance for the study. First, loyalty to a building can be related to the time lived there or the perceived attractiveness of the housing, such as architectural or aesthetic values. Second, loyalty to neighbours or the neighbourhood goes beyond loyalty to the building and can also be affected by the sense of local community. Having children in the local school can be of major importance, since moving may also imply changing schools. Third, loyalty may also be related to an institution such as a tenure form, a resident organization or a housing system. For example, loyalty to the idea of council housing in times of privatization was observed in relation to the right to buy in England (Cole 2006; cf. Chisholm, Howden-Chapman, and Fougere 2016, 388–389). These different forms of loyalty will be further discussed in the empirical analysis.

The Mechanism of Voice in Housing Renovation

According to Hirschman, voice is “any attempt at all to change, rather than to escape from, an objectionable state of affairs through individual or collective petition ... appeal to a higher authority ... or through various types of actions and protests” (Hirschman 1970, 30). Chisholm et al. (395) point out complaints to the landlord and protesting about housing issues to local or central government. Unlike exit and loyalty, both of which are exercised at an individual level, voice can be exercised both individually and collectively. To exercise collective voice in housing renovation, a large enough share of the residents need to overcome the well-known collective action dilemma of trying to take a free ride on their neighbours’ efforts. Often the driver here is some local social norm of cooperation (cf. Bengtsson 1998, 2000 on “tenants’ dilemma”). As we will see in our case study, resident organizations and media may be used as channels for individual and collective tenant voice.

One may ask whether the tenant position provides any real power to execute voice in relation to the landlord. Does dialogue with tenants matter to landlords? In some situations, the answer seems to be yes. If overall demand is low, there is an immediate risk of vacancies. Replacing tenants incurs costs, in principle making a low turnover of tenants economically preferable to the landlord. However, when demand is high landlords may be less prone to listen to tenants, and renovation may even be considered an opportunity to get rid of certain tenants.

A second reason for listening to tenants is reputation. Protecting the reputation as a landlord is probably of interest for all housing companies, but may be of extra interest for public and co-operative landlords. Examples are Swedish public housing companies, owned by the municipality and catering to all types of households, not only those in the low-income segments. For such companies, providing housing to local citizens is an overall responsibility, and attempts to avoid certain tenants may result in additional

costs to the owner, i.e. the municipality, of finding housing for other households elsewhere. Thirdly, strong tenant protests may result in a protracted and expensive renovation process with renegotiated contracts or penalties to subcontractors. Since delays directly translate into higher costs, there are strong incentives for landlords to keep the process short.

The Mechanism of Exit in Housing Renovation

Accepting Hirschman's definition of exit as a response to dissatisfaction, even moving voluntarily as a result of a renovation process, can be seen as an expression of dissatisfaction with one's housing, *given existing alternatives*. Renovations are costly and frequently associated with rent increases. In addition to this, renovations may be noisy and messy, and often imply that tenants need to move to temporary housing. As a result of this, renovations are often associated with increased exit. To some tenants, a renovation may trigger a latent wish to move, but for others, it may be perceived as an eviction, especially if the rent is drastically increased. As with loyalty, there are different types of exit; fundamentally, the object of loyalty should influence what type of exit a tenant chooses. Analogously to the discussion on loyalty, Chisholm et al. (2016, 395) identify three types of exit: moving house, moving neighbourhood or moving tenure; all relevant also in a renovation context.

Whereas some of the mechanisms described above may be of relevance to all types of markets, others are unique to housing. In the empirical analysis, we will discuss concrete examples of how the mechanisms may materialize in the case of housing renovations.

Methods and Material

Our empirical case of renovation was chosen since it was a high-profile building with comparatively well-off residents. This may to some extent offset the generic power inequality between estate owners and tenants in housing (e.g. Chisholm, Howden-Chapman, and Fougere 2020). The building has often been described as an architectural gem, the tenants were well organized and highly skilled and in consequence, high levels of loyalty and strong voice mechanisms could be expected. We consider it an interesting case for investigating how far tenants can influence a renovation process in a Swedish context, but it also makes it possible to identify general mechanisms that go beyond national housing systems.

Our study can be seen as a form of most likely case-study (Eckstein 1975; Flyvbjerg 2006). The traditional logic behind this is that a case is chosen where the researcher expects to find a certain causal relation or some other element of central importance to the over-arching research question. If that element cannot be observed in the chosen case, there is a strong expectation that it would not be found in "less likely" cases either. In our study we are, however, not testing a certain hypothesis about empirical causation or correlation, but rather to what extent Hirschman's model helps us understand and bring clarity to the complex processes of housing renovation. Thus, our case can be described as a most likely case in terms of identifying and analysing the social mechanisms of exit, voice and loyalty in housing renovation.

What general conclusions can be drawn from a single case? This is, of course, the eternal question of case-study research. Since Hirschman's model is in principle rationalistic (although not assuming perfect rationality) we claim that our observations can to some extent be generalized to similar contexts, where actor constellations can be expected to interact according to similar rationales (cf. Bengtsson and Hertting 2014, on case studies and generalization based on thinly rational ideal-type mechanisms).

The renovation case was well documented. Spurred by interest in the building, but also by discontent with the renovation, one of the tenants founded a website, which we were given access to. The material included court material, photos and minutes from meetings, media reports, and documentation of the history and architecture of the building. Media documentation was also retrieved from library databases, and documentation was provided from the company. The first step of our case study was to understand the processes from these written sources. Interviews were then made, mainly in order to get closer to the role of the – ultimately individualistic – mechanisms of exit, voice and loyalty. Due to the lengthy process, we found few households with experience from the whole period. Out of 60 apartments, eight households with experience from the renovation process – all middle-aged – were possible to locate and contact. Contact information was initially found through media, and snowballing was used to find additional tenants. In-depth interviews were performed with members of six of the eight located households, two of whom still live in the building. Most interviewed tenants had taken an active part in protests and dialogues with the landlord, which makes them useful informants in particular concerning mechanisms of loyalty and voice. In-depth interviews were also conducted with three representatives of the company, all of whom had central roles in the renovation process. Different interview guides were used for tenants and landlord representatives, including some open questions. Interviews, all between one and two hours long, were recorded and transcribed with the consent of the respondent. To keep the tenants anonymous, the company and the building are not mentioned by name in this article. The analysis of the interviews was used together with the written material described above to get a comprehensive understanding of the renovation. The main focus has however been on the tenant perspective.

Renovation of Rental Housing in Sweden – the Legal Framework

According to Swedish law, major renovations that affect the use value or the relative size of rental dwellings need to be accepted by the tenants, as long as renovations are not necessary for achieving the legally defined "lowest acceptable standard".¹ If one or more tenants do not accept a renovation, the regional state rent tribunals have the legal role to assess the necessity to renovate, weighing the respective interests of the owner and the tenants against each other. These trials purely concern whether the standard level proposed by the landlord is justifiable in relation to what could be expected by tenants in general, the so-called "objective tenant interest". Rent increases are not considered in the trials, but may be an indirect consequence of the tribunal's decision. In a study of local and appeal court decisions, Wetterberg (2016) finds that more than 90 per cent of all cases concerning the need for renovation are ruled in the landlord's favour.

The Swedish rent-setting system is based on collective negotiations in combination with so-called use-value comparisons. Almost all rents are set in yearly collective

negotiations between landlords (public or private) and their organizations, on one hand, and the uniquely strong tenant unions (TU) – organized nationally, regionally and locally – on the other. In case of disagreement, rents are decided by the rent tribunals where the negotiating partners are represented together with a judicial chairperson. The rent tribunals decide on the basis of comparison with local rent levels in similar buildings and dwellings where rents have previously been set in collective negotiations. (See Baheru 2017 for an overview of the Swedish rent-setting system.)

The Renovation Object – a Building with Middle-Class Tenants and Architectural Values

The renovation object of our case study is a building with an attractive location in the city of Malmö. It was built in 1938 by a famous Swedish contractor and considered a flagship functionalistic building. The house is nine storeys high and has 61 relatively large apartments, with an average of more than 100 square metres. Each apartment has a unique design, and the large apartments with five or six rooms have a majestic view over the city or the sea. Several apartments are in multiple storeys or mezzanine floors. Our interviews reveal that tenants were often hand-picked by the landlord to “fit in”, and many lived in the building for a long time, often decades. Tenants report on high demand for rental contracts in the building already in the 1990s despite good availability of rental apartments in the city at the time.

The building was privately owned until 1999, when it was sold to a large professional co-operative organization that provides housing to all types of households. Before the transaction, sitting tenants had tried to use their pre-emptive right to buy the building from the previous landlord with the ambition to manage it as a co-operative association based on “tenant-ownership”.² As an initial preparation for buying the house, a tenant-ownership association (TOA) was registered in 1984. The association became active in the late 1990s when tenants perceived an interest by the owner to sell the building. The owner, however, chose to sell to a company and not to engage in negotiations with the sitting tenants. By selling the building as a company asset, the owner was able to circumvent the tenants’ pre-emptive right to purchase and convert the building to tenant-ownership. At later points, tenants were offered twice to buy the building from the new owner, but could not reach an agreement. The TOA did, however, form a basis for local co-operation in general between tenants, although it did not have the formal power of the TU.

The previous owner had kept maintenance to a minimum and left it to the tenants to renovate their apartments, which is formally the landlord’s responsibility in Sweden. Rents had not been adjusted for a long time, and by 2009 rents were low by local standards according to both tenants and the present landlord. Nevertheless, tenants found the level reasonable, given the inadequate maintenance of the building before the renovations. After the acquisition of the building, the new landlord decided to replace the old original windows with new modern windows. Many tenants objected to this decision, since the original windows were specially designed by the original architect-builder and considered to be of high architectural value. Despite the objections, the windows were replaced in 2000.

The Renovation Process in Brief

The major renovation was initiated in 2009. Pre-renovation inspections revealed that, after 70 years, most of the apartments needed extensive renovation, such as refurbishing kitchens, replacing wastewater pipes, replacing radiators, putting up safety doors and renovating balconies. The budget for the renovation was estimated at € 8 million, and the company had no experience of a renovation of this size. After the inspection, the company/landlord sent letters informing the tenants about the renovation, provoking strong reactions from the tenants. Conflicts arose around the need for renovation, since many tenants favoured less comprehensive renovations than the landlord, who opted for a complete re-modelling. Many tenants stressed the cultural heritage of the building, whereas the company's main focus seems to have been to bring it up to modern standard. In 2010, tenants filed a formal complaint to the TU, followed by a decision by the rent tribunal to open a case in 2011 to try whether the landlord had reasonable grounds for the renovation. In the spring of 2012, the court ruled in favour of the landlord.

During the renovation, all tenants except one, who had a special contract, were offered replacement housing in the same building, in other buildings owned by the landlord, or in some cases in other parts of the city. Renovations turned out to be complex and only in 2016 could tenants move back.

The following rent negotiations between the TU and the landlord resulted in significantly higher rents. For sitting tenants the new rents were introduced over a period of 12 years, whereas new tenants faced the new rent levels from the start. The Government bill underlying the Swedish Rent Act prescribes a phasing in of longer than 3–5 years only in exceptional cases.³

Exit, Voice and Loyalty in a Case of Housing Renovation – Empirical Analysis

Loyalty

Interviews reveal that many tenants had strong feelings for the building. The house and its history are well documented in books, magazines and a documentary film. Several of the tenants opened up the interviews by stating their affection for the building. "I knew that book [about the building] by heart, I had read it twice and was very interested in architecture and, well, hoped we would be able to buy the building at some point" (Tenant 1). This tenant moved in shortly before the new owner took over, and left the house during the renovations for a replacement apartment. When seeing the apartment after the renovation, he decided not to return since the apartment had lost much of its original appeal. Other tenants expressed a wish to move into this particular building long before they did: "we had been glancing at the house for years" (Tenant 5). And: "it was very beautiful, the amazing architectural formation and the location . . ." (Tenant 2).

The landmark characteristics of the house, together with the low rents, made the apartments attractive, and the landlord was able to select new tenants even during periods of high vacancy rates in the city. One tenant recalls: "The landlord screened the tenants [. . .], it was fairly homogenous [. . .] it was one religion, one ethnicity, one everything" (Tenant 1). Some tenants describe the social structure somewhat differently: "There was a large variety of tenants, retired and ordinary people [. . .], CEOs and supreme court judges" (Tenant 2). Tenants included media personalities, as well as relatives of the

builder. All tenants seem to agree that the sense of community was very strong within the tenant group. First, there was a shared interest in the TOA aiming at converting the building to a co-operative. Second, several tenants expressed concern about the elderly tenants, some of whom had lived in the house their whole life. To some of them, moving out temporarily would not be an option, and the renovation would imply a permanent move. According to some of the respondents, supporting the elderly was a trigger for the voice mechanism.

Several tenants had invested money to make their apartment better suit their personal tastes and preferences, signalling a strong commitment to stay in the apartment. Investments ranged from necessary electricity refurbishment – “in our apartment we had replaced all electrical wiring, because it was lethal” (Tenant 4) – to tearing down walls and remodelling kitchens and bathrooms with some of the most expensive brands in the market. These investments would largely be lost in the upcoming renovations.

The loyalty factors described above were to a large extent directed towards the house itself. Several of the tenants also express a strong loyalty to the neighbourhood in which many of them had grown up and gone to school.

We have not identified any expressions of loyalty to a certain tenure form or housing system of the type that was observed in previous research in England. On the contrary, several of the tenants express disappointment with not being able to convert the building to a co-operative. As a result, the interests of the tenants were not always in line with the TU, which could also reflect frustration over lacking influence. In the words of one of the most active tenants: “I left the Tenant Union because it is a self-righteous organization that does nothing for their members, in my opinion. I am very harsh, but it is the truth” (Tenant 2).

Voice

During the previous ownership, exit was very low. Although interviews suggest communication with the previous owner was limited, there was a shared understanding that tenants could renovate their apartments on their own. As mentioned, rents were low, and the owner’s maintenance was minimal. This status quo was interrupted when the new owner took over and initiated a more active maintenance scheme. Furthermore, tenants’ expectation to convert the building to a co-operative implies a source of conflict already when the new landlord bought the house. The previous owner chose, in the word of one tenant, to “side-step” the existing tenants and sell to the present landlord. One tenant states the position of the previous landlord as “you can have the apartment on one condition, that you don’t join that bloody TOA” (Tenant 5). As mentioned, tenants later turned down two offers from the new owner to buy the building to form a co-operative. Not all tenants rejected the offers to buy the house: “... the chairperson [of the TU] recommended the tenants to turn down the offer. So then we were disappointed with the tenant union instead” (Tenant 4). The new landlord thus started off on the wrong foot with the tenants, and conflicts became visible already during the changing of the windows in 2000.

We identify three stages of voice in the renovation process. The first stage was the legal process concerning whether the renovation was justified. The local tenants, represented by one of the tenants who was also a lawyer, appealed, but the appeal court also ruled in

favour of the landlord. As mentioned, this was in line with how most similar cases are determined in terms of “the objective tenant interest” (cf Lind 2015; Wetterberg 2016), suggesting there is little impact of tenant voice on the decision to renovate a tenant building. Up until this point, both tenants and landlord representatives refer to the tenant–landlord relation as “war” or “ice age”.

Second, after the court decision, the preparations of the renovation could start. According to interviews, the appeal court decision seemed to have opened up a new phase in the relation between the company and the tenants who slowly started restoring contacts. In the words of one of the tenants: “It is a fact, they had their permission, we need to restore this channel and communicate” (Tenant 2). Dialogues now opened up between the landlord and TOA representatives who already had the role of “staircase hosts”, one for each of three staircases. According to the company, the mobilization of such intermediaries made a number of tenants decide against moving out, which some of them had otherwise planned to do. Both landlord and tenants saw this “small” collective voice as an improvement.

Preparations of the renovation took between 2 and 3 years and opened up another arena for discussion and conflict. At this stage, however, discussions focused on practical solutions such as whether a certain relining technique would be sufficient, or whether it was necessary to replace all old piping. This was a major source of debate, ranging from kitchen interiors and taps to staircases and towel dryers. It is beyond the scope of this study to go deeply into the discussion on cultural heritage, but it is clear from our interviews that the perceived conflict between heritage and economy, was – and still is – a highly controversial field. This stage was characterized primarily by informal individual tenant voice.

The third stage of the process was the rent negotiations, during which the collective aspect of the voice mechanism became more pronounced. During this last stage, the local (registered but inactive, cf. footnote 2) TOA and the TU both acted as collective tenant voice. The most important actor here was the TU, who by Swedish law and practice represents tenants in the rent negotiation process. Some tenants perceived a clash of interest between the local TOA and the professional representatives of the TU. There was distrust as to what extent the TU would really put up a fight: “We simply didn’t trust [the TU]. They make it so easy for themselves, once it gets to a certain level like this did [...], they just take it to court” (Tenant 2). There was also a frustration that the TU had very limited power: “They probably also felt like puppets in a much larger game. So there wasn’t a terrible lot they could do about it” (Tenant 3).

To some extent, the TOA and the TU represented different interests: “I didn’t care about people who would eventually move in, it was not my task. My task was to represent the tenants, nobody else. The TU had a broader perspective, anyone should have access to the house and move in at a reasonable rent level [...] we rather had a higher rent after twelve years” (Tenant 1). In the end, the local tenants had their way, and negotiations landed in a long period of phasing in, at the cost of higher final rents.

Tenant voice was also articulated in the media during all three phases. Local newspapers and TV programmes published critical headings such as “Tenants anger against luxurious renovation”; “93-year-old woman has to leave home after 67 years”; “It does not feel like at home anymore”; “Landlord wants to raise the rent by 67%”; “Tenants will fight

for their apartment till the end". For an owner with a background in Swedish co-operative housing, this was especially troublesome.

The respondents who were active in the process all express strong loyalty to the house and the tenant group, as well as to the neighbourhood. Interestingly, they all express a similar engagement in other types of organizations where they are members. In other words, those who were active in this process are also active in many other contexts, including the new neighbourhoods and housing organizations. One respondent states that the motive to engage with voice was both self-interest and a sense of obligation to elderly tenants, who were not seen as capable to act for themselves. The long phasing in-period for the new rent levels was also seen as a support for this group.

Although the voice mechanism was driven by active individuals, it seems it was always channelled in collective forms as long as it did not concern specific apartments.

Exit

In accordance with the general logic of Hirschman's model, exit refers in our case to a *permanent move* from the building during or after the renovation. Only twelve households, one out of five, moved back after the renovation. The prolonged renovation meant that some tenants moved due to life-cycle events, and also gave tenants a long time to find alternative options. In addition to demographic changes, the decision to exit seems to have been driven by a combination of factors.

The first and perhaps most striking reason to leave was the expected increase of rents. An unrelated parallel process of adjusting the overall rent levels in the city, giving more weight to location, implied rents in the building would have increased sharply, even if no renovations had taken place. In addition to this, the substantial renovations were expected to further increase rents. "The Tenant Union had been there and said "well, there will be a rent increase of at least 50 per cent", and then people started to look for options" (Tenant 2). Future rents also needed to be considered together with future incomes: "we are facing retirement, and incomes do not increase when you retire" (Tenant 3).

A second factor was the expectations of a long period of discomfort associated with temporary housing. The landlord made an effort to find replacement apartments of similar size to the permanent apartments. The uniqueness of the house and the apartments is highlighted in a quote from one of the tenants: "It wasn't possible for them to find a corresponding apartment during the renovation .." (Tenant 1). This tenant never returned to the original apartment, but ended up moving to another high-profile building nearby, in which he was offered a replacement apartment. Although not intended as permanent solutions, some tenants were offered to stay in their replacement apartment. Several tenants were elderly, and the building was not very well suited for people with any kind of disability, with different floor levels within the apartment, small bathrooms and elevators stopping between floors. The tendency that replacement apartments during renovation may turn into permanent solutions is well known from other contexts; tenants have already moved out once, and moving back means a second move. Furthermore, the landlord assisted some of the elderly in finding new barrier-free housing. Still, according to interviews, many of the older tenants expressed a strong attachment to their building.

A third factor contributing to exit was that many tenants found housing options that better suited their needs. "Once it was clear the renovation was going through I started looking for a replacement apartment since I did not want to risk being assigned an apartment by the landlord [...] and I found an apartment with two roof terraces across from our own house" (Tenant 5). It is noticeable that tenants who moved did not necessarily move to cheaper housing, even if they felt value for money was better. Most tenants stayed in the neighbourhood and several expressed a strong attachment to it. The possibility to exit from the apartment without exiting from the neighbourhood made exit more acceptable, which is in line with Dowding et al.'s (2000) recommendation to separate the object of loyalty from the object from which one chooses to exit.

Fourth, some tenants expressed a wish to leave the rental sector. Tenant 3, who bought an apartment in the vicinity, explains: "The important thing was to avoid these eternal rent increases. Instead you can decide for yourselves [...] and influence your own housing". Several tenants express a disappointment over not being able to buy the apartment and a resentment of the rental system.

Outcome of the Renovation

The Swedish legal framework grants tenants formal opportunity to voice but gives the landlord extensive rights to determine the need for, and scope of, a renovation. One tenant summarizes: "Our system . . . it may seem like a strong protection for tenants but in this type of situation you have no defence" (Tenant 3). Nevertheless, tenant voice did have an impact on the outcome of the renovation process, although this was due to informal power rather than legal rights.

We can identify four areas in which the outcome seems to have been affected by tenant actions. The first and perhaps most striking effect is the exceptionally long period of phasing in of the new rent levels. This agreement protected existing tenants, whereas new tenants immediately faced the new rent levels. Voice was in this case driven by loyalty towards and among existing tenants. The collective voice mechanism thus represented certain groups of tenants rather than tenants in general.

Second, initially, the landlord seems to have disregarded the cultural heritage value of the building. In this case, tenants' loyalty was to the building and the cultural heritage it represents. The early window renovations met with heavy criticism, and later renovations were made more in line with the original architecture. A more long-term effect is that the landlord representatives today express that they involve architectural curators already in the beginning of renovation processes, to make cultural heritage a more integrated part of renovation. In that sense, this project functioned as a learning experience. It is interesting to note that today the building is used in marketing material both for the housing company and for the main construction company performing the renovation where it is described as an architectural gem.

A third possible effect of tenant voice is that the company claims to have learned to communicate with tenants earlier in renovation processes. Including tenants at an early stage seems to save resources at later stages. One landlord representative summarizes the experience: "It takes a very long time [...], there is a value to having to question all the details and often the end result is better if you, well, challenge the process" (Landlord 1).

In this case, the collective voice, primarily the voice of sitting tenants, did result in changes that will affect all tenants facing future renovations, not just the sitting tenants.

Fourth, in a few cases, tenants could preserve more of the original interiors than was originally planned. Examples are some kitchens that were kept in almost original condition, although adapted to some modern requirements, such as raising the height of countertops.

Concluding Discussion – Exit, Voice and Loyalty in Housing Renovation

The application of Hirschman's model made it possible for us to analyse a complex process of housing renovation. The heterogeneity of the housing market makes housing different from other goods, since the uniqueness of one's home and neighbourhood breeds loyalty and often makes exit burdensome – sometimes unbearable. In consequence, resident voice is an important element in housing markets, and voice and exit may be complements rather than substitutes. Furthermore, given the heterogeneity of housing, exit can mean different things; for example, residents may exit from a home and a building but not from a neighbourhood or a housing sector. All this makes it particularly interesting to apply the exit-voice-loyalty framework to a housing context.

In our case, tenants exhibit high loyalty and commitment, as well as high voice capacity in terms of communication and coordination of legal processes. The mechanisms of voice and loyalty are easier to identify and analyse in a context where the interaction between tenants and landlord takes clear and explicit expressions. In the case studied, the voice mechanism changed character but remained primarily collective during the whole period. In the end, these tenants had some, although rather limited, influence, and therefore, more than limited influence may not be expected in other cases of renovation either.

In the end, tenants had limited or no formal possibilities to affect the decision to renovate or the scope of the renovation, which is in line with previous research on power relations between landlords and tenants (see, e.g. Chisholm, Howden-Chapman, and Fougere 2020). However, they were able to affect the process in different ways. For existing tenants, the voice mechanism was successful in providing long introduction periods for new rents. Furthermore, tenant voice did have an impact on the renovation process and the landlord–tenant relation over time. In hindsight, landlord representatives express that, although facing critical tenants can be a nuisance, the resistance made them think differently and thus improve their work. One important weapon for the tenants was the possibility to delay the process through negotiations. For landlords, delays are costly and it may pay to offer something to avoid risking lengthy legal processes. We consider this a general conclusion from our case study.

Another observation that may be generalized is the ambivalent roles of resident organizations and media as channels of individual and collective voice, illustrating the specific aspects of the Hirschman model in a context of housing renovation. The long-term relation between residents and landlord and between tenants, in combination with strong loyalty, affects the incentives and capacities to voice, especially when done collectively. This is why renovations are critical junctures in tenant–landlord relations. Furthermore, the lengthy renovation process allows for interaction between voice and exit. Still, exit is often a logical outcome due to power relation between landlord and

tenants. Even in our case, with strong tenant voice, in the end, only one-fifth of the tenants chose to stay.

We see this as a pioneer study, the first application of Hirschman's model to housing renovation. The model's straightforward and transparent logic based on bounded rationality makes it reasonable to expect similar general patterns and mechanisms also when contexts differ. Hence, we see our study as the first contribution to theory development on housing and renovation based on Hirschman's model, and we invite other studies to follow suit, e.g. in other national contexts, perhaps by following a renovation process in real time in a perspective of exit, voice and loyalty. Using our findings, it would also be possible to develop a quantitative approach testing for factors underlying tenants' decisions to exit, use their voice mechanism, or both.

Notes

1. SFS 1970:994, 12 Kap. 18d§.
2. Swedish legislation gives tenants a pre-emptive right to purchase and convert their estate to the Swedish co-operative tenure of "tenant-ownership" (*bostadsrätt*) (SFS 1982:352). A tenant-ownership association needs to be formed and registered with the Swedish Company Registration Office, and a certain majority of the tenants need to accept the conversion.
3. Government bill 2009/10:185, 91–92.

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