
Housing Crisis

critisticuffs

“In order to solve the UK housing crisis, the Government has set a target of building one million new homes in England by the end of the parliament in 2020 or 200,000 every year.”

Telegraph, *How to solve the housing crisis/*

“Housing is the greatest domestic challenge facing our country. Currently, there are 277,000 homeless households, including over 4000 rough sleepers. A staggering one million households are on the housing waiting list. A whole generation of young people have been shut out from home ownership and older people are increasingly getting trapped in the private rented sector too – by 2040, up to one-third of 60 year olds will be renting privately. More people in the private rented sector is bad news for everyone but landlords; rents are higher, conditions are poorer and tenancies are less secure than in the social sector.”

Novara Media, *Why Labour needs a more radical housing policy*

“This attempt by Newham Council to displace the mothers from London, removing them and their children from their families and local support networks, is just one example of a city-wide process of social cleansing, with low income people being forced to the fringes of London and beyond by soaring rents, benefit cuts, and a shortage of social housing.”

Focus E15, *About*

Housing is in crisis. Virtually everyone agrees, from the Conservative government to radical activists. The cost of having a roof over your head is, in some areas, becoming so high it threatens people’s ability to house themselves, and many more have to continuously weigh other basic purchases against the need to pay next month’s rent.

There are a number of solutions offered up for this problem. The government wants to encourage the building of more houses, increasing the supply and trusting the market to sort things out. An alternative approach is to support the building of affordable housing, weighing cost against the local average. Many housing campaigners would go further, calling for more social housing, recognising that incomes and house prices do not add up.

1 Build More Housing

The most immediate solution to solving the housing crisis appears to be to just build more houses. Both *Shelter* and *Philip Hammond* seem to agree on this, with the government pledging to support developers building 300,000 new homes per year from 2017.

However, building more houses does not imply building houses that most people can afford as housing activists have repeatedly pointed out. Developers are in the business of selling houses for as high

a price they can ask for. On the one hand, developing a luxury project implies higher costs for, say, some premium materials, but the gap between price and cost still is worth it. On the other hand, also for standard developments they have an interest in realising as high a price as possible. That councils have to insist on developers building and selling homes at “affordable” prices suggests they would not do so otherwise. In other words, developers, if left to their own devices, will opt to develop housing beyond the reach of many. Thus, simply building more houses would do nothing to alleviate the housing problems it was supposed to solve.

2 Build Affordable Housing

To address the problems with simply building more houses, a (now) common solution is to create more *affordable housing*. The definition of affordable by the Government is:

“housing for sale or rent, for those whose needs are not met by the market”

UK Government, *National Planning Policy Framework, Annex 2: Glossary, p.64*

What is meant by “that people’s needs are not met by the market” is that they can’t afford to buy or rent housing. This failing is then addressed by the Government requiring developers to make sure some proportion of new build housing (usually 10%) is available at 80% of the going market rate.

Firstly, as housing activists have pointed out, the development of housing that includes affordable houses itself exerts upward pressure on market rates. This means that the affordable rates after a successful development can end up higher than previous affordable rates.¹

Secondly, the 80% of market price strategy produces **those bizarre examples** where an affordable home in Central London is way out of reach for average earners: 80% of the market price is not within reach of most people as the point of reference is not income, but what some are capable of paying. By capping rent at 80% of the market rate, this affordability measure doesn’t relate house prices or rents to people’s ability to pay, but simply to the market values which were previously recognised as being too high. Put differently, the average market value isn’t simply a bit too high for the average wage earner or benefit recipient, rather they are competing with buyers who have access to rather different means, who are not restricted to wages and benefits.

“Affordable housing” is a peculiar term: any house that is sold is affordable to someone, that prime property in London is bought and sold. Put differently, it is not correct to say that nobody can afford current house prices or that a “whole generation of young people have been shut out from home

¹ A contrived example to illustrate this point: suppose there is an area with 100 flats with a market value average of £1,000/month per flat. A developer is tasked with building 100 new flats, 10 of which are reserved for affordable housing. But the other 90 new flats will now go for, say, £1,400, raising the market value of the area. New affordable flats are now capped at 80% of the new market value of £1,189 = $(100 \times £1,000 + 90 \times £1,400)/190$, which gives £951, £151 above the previous 80% of the average.

ownership”. Rather, what many people are struggling with is that some *can* afford *those* house prices. The question is affordable to whom with what means.

3 Build Social Housing / Rent Control

Many housing campaigners note that affordable housing does not address the difficulties poor people have in calling a place home. Instead, they propose the building of social housing. As Shelter **describe it**, social housing is “pegged to local incomes to keep rents more affordable. Changes to social rents – whether up or down – are controlled by central government.” An alternative demand can be rent control, limiting the cost of living in the current housing stock, preventing landlords from increasing rents on their tenants too quickly.² These solutions recognise that affordability means different things to people with different sources of income.

Thus, social housing speaks of a relation between means and price and notices that they do not match. However, how this difference is then discussed is that one side – the price of housing – is considered variable, while the other side – the money people have available – is strangely not. This way, poverty is silently presumed as a fact of life. The reason why many struggle with rent is because they are squeezed from two sides: their employers and their landlords. Their wages (or benefits) are low and rent is high. There is a difference between criticising “low income people being forced to the fringes of London” and criticising that people have to live on a low income.

The collective presumption of poverty is not an accident, despite the opposing political positions involved. What qualifies the “Housing Crisis” as a crisis in the eyes of those with the power to do anything about it is that useful poverty is under threat. Capitalist economies and cities within them make use of people who are so poor that they have nothing else to sell but their ability to work. After all, workers produce the stuff that companies sell. Yet, the existence of useful poverty is always precarious, with companies undermining the livelihood of those working for them: firing them when they are no longer needed, cutting their hours, suppressing their wages etc.

The constant threat to the condition of being a worker is recognised by the State and addressed by the welfare state. Benefits exist to allow poor people to continue to function in useful poverty, they are designed to provide poor people with what they need to continue to exist as poor people. It is for this reason that the concerns of housing activists find recognition and these activists are correct when they lend their voice to the unease about the ability to live a life in poverty. This way, and this way only, their concerns have a valid place in this society. The criticism of the conditions of poverty is a respectable business, the critique of poverty is not.

² Rent control takes measure in the average rent, thus the arguments in the previous footnote about affordable housing apply here too. Furthermore, for the paradoxical effects that rent control – when landlords can increase rents if they make improvements to the building – can have on renters, see <https://antinationa1.org/en/gentrification-economy-land-and-role-politics/>