

# The ideological importance of housing

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**'The money we are going to spend on housing is an insurance against Bolshevism and Revolution'**. With these words, the Secretary to the Local government Board finally convinced his Ministers that despite the global economic downturn and the financial burden of overseas military commitments, they should invest in a national house-building programme to quell the rising tide of domestic anger directed at the government.

The year was 1919, and although much has changed (the prospect of a Bolshevik uprising is very rarely a factor in policy deliberations today), a progressive government once again finds itself trying to deal with the economic and political fall-out of a sudden and severe housing crisis. Lloyd George's cabinet opted for a radical break with the past, by rejecting the pre-war ideology of *laissez faire* development in favour of the first national house-building programme. Today, we also need to plan for something more ambitious than a return to normalcy.

Housing is a profoundly ideological issue. But like food and water, it is such a basic need, such a normal part of everyday life that it's only at times of crisis, when its supply can no longer be guaranteed, that the terms and conditions of its production and distribution are questioned and challenged – or at least can be questioned and challenged. The potential for re-thinking, in the context of the current crisis, how housing should be produced and distributed in future is the subject of this article. In particular, it argues that we need to find more environmentally sustainable and socially just ways of accommodating the need for new homes. The economic turbulence following the implosion of the sub-prime market and the subsequent credit crunch has revealed with brutal efficiency the danger in relying on an under-regulated market to fuel home-ownership at all costs. It has also exposed the limitations of the government's strategy of trying to deliver affordable and sustainable homes on the back of commercial development.

Since the credit crunch, politicians on all sides have become more willing to highlight the failures of markets and re-validate the role of the state. Northern Rock has essentially been nationalised, and further policy options which only twelve months ago would have been dismissed out of hand are said to be under active consideration. In the US, that most ardent advocate of free markets George W. Bush has been forced to bail out the Fannie Mae and Freddie Mac mortgage guarantee firms because the consequences of allowing market forces to work themselves through were too dire even for him. People are once again looking to the state for protection and support and, in more and more cases, for a roof over their head.

Yet the government seems torn between 'ruling nothing out' in the search for new solutions and sticking to the same script. Its recent response to the collapse in building completions and mortgage approvals was to reiterate that the 'the public sector must continue to prioritise support for private sector investment' by 'ensuring there is a planning framework that will support a rapid market recovery' (DCLG, 2008).

The task for progressives is to make clear that a rapid market recovery is inadequate to the challenges we face, if it means a return to the pattern of unsustainable growth which has distorted the economy, divided our towns and cities and damaged our increasingly fragile eco-

systems. We need to remind the government that there should be no return to boom and bust, and instead fashion alternatives to the policies which are failing so badly at the moment.

### **The ideological importance of housing**

That bold statement by the Secretary to the Local government Board didn't just make the short-term case for a house-building programme. It also affirmed, with unusual honesty, the profound and abiding ideological importance of housing. All governments use their housing policies to project their deeper ideological assumptions about the nation's ills and the roles of the state and the market in solving them. For much of the past fifty years the ideological tide has flowed in one direction: away from investing in housing as a shared and valued common good which the state has an active interest in producing and regulating, and toward the promotion of home-ownership at almost any cost.

In the years after 1945, the mass construction of new homes under the Attlee government was supposed to be a key element of the new contract with the people; a recognition of their war-time sacrifice and an attempt to banish squalor, one of Beveridge's five 'great evils'. The housing minister Nye Bevan hoped that the high quality and design features of the new homes which would be built by local authorities with central government subsidy would maintain public housing as a viable and broadly accessible alternative to owner-occupation.

Bevan was never able to realise this ambition, frustrated by manpower and material shortages on the ground, and defeated at the ballot box by the Conservative Party promising a quicker burst of cheaper 'people's houses' and more homes for sale to an impatient electorate. The Conservatives delivered on their promise and tackled the immediate shortage, but at a lasting cost. As historians of the policy put it, 'from 1951 ... the delicate shield constructed by Aneurin Bevan around levels of investment and standards in council housing was quickly shattered' (Cole and Furbey, 1994).

The pattern of the state providing lower-quality homes was established, and council housing increasingly became an 'ambulance service' for the least well off. The residualisation of council housing was hastened by the poor construction and management of many new housing estates. The high-rise tower blocks and industrialised building techniques of the 1960s encapsulated Wilson's modernising faith in the power of the 'white heat of technology' to forge new solutions to old problems. The symbolism was powerful, and the ambition of creating 'neighbourhoods in the sky' lofty, but the light from the flames blinded architects and planners to the folly of housing families and the elderly in untested and unliveable mega-estates.

The most powerful demonstration of housing policy as a means to deliver ideological ends was Margaret Thatcher's 'Right to Buy'. More than any other policy, it expressed the resurgent new right's belief in the liberating power of the market and the failure of state planning. In the first great privatisation of the era, council tenants were able to purchase their homes from the local authority with significant discounts, freeing them from what Thatcher saw as the deadening grip of municipal landlordism and creating a new cadre of housing consumers.

The consequence of this rapid commercialisation was inevitable. Households with the means to buy prospered, those without were left to compete for the diminishing pool of subsidised homes. The best homes sold quickly, and the change in ownership contributed to the improvement of some estates, but the worst were starved of new investment and were left to decay, including many of the unpopular and half-empty blocks built in the 1960s and 1970s.

The Right to Buy was the first of a number of far-reaching policies introduced by Thatcher and Major – including subsidies for home-owners, de-regulation of the mortgage market and stock transfer programmes to move council housing *en masse* out of local authority control – which fundamentally weakened the role of the state as a housing provider and asserted home-ownership as a necessary condition of economic independence and citizenship.

### **New Labour's unwritten legacy**

New Labour's housing legacy will be written in the next few years and will be determined by how it responds to the new crisis. So far, it has operated broadly within the ideological confines it inherited in 1997: accepting and in some cases furthering market de-regulation, investing in council housing only on condition that local authorities cede control to alternative landlords, and loosening up the planning system to make it easier for developers to build.

The core problem with this approach has been the government's assumption that affordable and sustainable homes can be delivered largely through the market. Ministers often had the right objectives in mind, but they drastically restricted their room for manoeuvre and their chances of success by designing policies which acted only as adjuncts to the market, as the government's record of delivering affordable homes demonstrates.

It's widely recognised that there is a severe shortage of affordable homes in England, exacerbated by the long boom in house prices over the past decade. By the summer of 2007, average house prices in Greater London were nine times the average London salary (London Councils, 2007). Before the credit crunch, the increasing numbers of households who were being priced out of the market had to take out large, unsecured loans to get a step on the housing ladder. According to government statistics released earlier this year, 200,000 households had taken out a mortgage at a house price-to-income ratio of 6 to 1, and 38,000 at a ratio of 10 to 1. A sensible ratio is generally considered to be around 4 to 1.

It was the realisation of how much bad debt had been incurred through these sorts of deals, which the banks and investment companies had re-packaged and sold to one another in a poisonous game of pass the parcel, which triggered the collapse of the sub-prime market in the US. Following the subsequent credit crunch, and the disappearance of easy high street credit, the only other option for a family looking for a move, but lacking the means to buy, is to apply to social housing. Yet local authorities already have 1.6 million people on their waiting lists and Shelter has predicted that this figure could rise to 2 million by 2010.

Shortly after coming to power, and only months before Northern Rock dissolved, Gordon Brown signalled a new determination to tackle the affordability problem by committing the government to building 2 million new homes by 2016 and 3 million by 2020. They would be built at a rate of around 250,000 per year, including 70,000 affordable homes per year, of which 45,000 would be new social homes for rent.

The majority of these new homes would be delivered via the market on the back of deals with private developers in the form of 'Section 106' agreements. Through Section 106 agreements, local authorities grant planning permission to private developments on the condition that a proportion of the anticipated profit is re-invested in the construction of affordable homes, with financial support from the government in the form of Social Housing Grant. Section 106 was inherited from the Conservatives, but it fitted neatly with the Third Way political strategy of delivering public goods on the back of market transactions. Instead of giving the money and

the power to build new homes back to local authorities, as Bevan had done and as many on the left of New Labour called for, the government instead accepted the primacy of private developers as the engine of housing growth but sought to apply social obligations on the way they operated.

This is a neat ideological axiom but, as in other areas of social policy, it hasn't worked in practice. In recent years around 50 per cent of all affordable homes, and up to 70 per cent in the South East where they are most needed, have been delivered through Section 106 deals. In 2004/05 this translated into 18,000 new homes nationally, which is less than the number of households on the waiting list in a number of London boroughs.

In other words, even when the economy was booming and there was a steady supply of new developments, the strategy of relying on the market to deliver a vital social good as a happy by-product of private gains simply wasn't working. And now, as the stream of new developments in the pipeline dries up and developers back out of existing projects, the strategy has been fatally undermined. In the first quarter of 2008, there were a total 32,000 new housing starts – the lowest quarterly figure since 1996, and barely half the rate required to meet the government's targets.

The failure to tackle the affordability problem could serve as a symbol of new Labour's housing legacy: a well-meaning but ultimately inadequate attempt to make the market work for people, destroyed in the end by turmoil in the market itself. Or the next two years could be a period of genuine renewal, if the government is prepared to address these failures and recalibrate the balance between the market and the state. There are signs that this debate is starting to open up.

## **Going beyond the numbers game**

The immediate shock of the credit crunch, and persistent uncertainty about whether we have yet seen the worst nationally and internationally, has already started to encourage a more meaningful discussion about housing.

For the past ten years, the discourse around housing has been tightly bounded and, to some extent, de-politicised. The period described by the governor of the Bank of England as the 'nice' (non-inflationary continuous expansion) decade gave the impression that we could continue running up debt in pursuit of property without consequence. Too often the discussion was political only in the narrow sense that the parties competed over numbers; how many homes they would build, and how much they would cost. The argument was confined to which set of policies would best serve the market by delivering the maximum numbers of units at the best price.

The nadir of this debate was reached with the publication of the final report of the Barker Review of Housing Supply, a Treasury-commissioned investigation into the causes of house price inflation (HM Treasury, 2005). Although Barker made some astute observations about the failure of the house-building sector to respond to changing demand and invest in new skills and technologies, her response to inflation was to glut the market: building up to 400,000 new homes per year (a rate not seen since the peak of the post-war building boom) and proposing to reform the planning system to make it easier to build large new developments, including on some greenfield and greenbelt land. There was little analysis of the social and environmental impacts of this massive wave of building – the numbers were all.

The discussion may well remain confined to the numbers game if our only ambition is to restore faith in the market and get back to normal. Alternatively, we could engage in a meaningful discussion about the normality we want to return to. As Aditya Chakraborty has argued,

housebuilders and banks would like nothing better than to wind the clock back to spring 2007 and start over, as if the credit crunch never happened. It's up to progressives to push a fairer alternative. (Chakraborty, 2008)

A rapid increase in the numbers of new homes being built would also be a short-term solution for the government. Of course, we do need more homes and we need them quickly, but we should remember Bevan's warning about the danger of rushing into hasty construction programmes for short-term political gain: 'we shall be judged for a year or two by the number of houses we build. We shall be judged in ten years' time by the type of houses we build'. And he was faced with a housing shortage far worse than today and an economy shattered by six years of war.

If we want to pass Bevan's test, then we need to radically improve the quality of the houses we build in future. Despite positive rhetoric and some modest changes to planning regulations, too many of the houses which have been built on new Labour's watch have been poor-quality developments which fail even the most basic tests of sustainability. The average density of new development has increased over the past ten years, from 25 to 40 dwellings per hectare, but this is still far below the average in many parts of Europe and insufficient to maintain basic services in the future as household size decreases.

We've made it far too easy for developers to do what they do best: churn out large, low-density, land-hungry 'neighbourhoods' on unused land to standard design specs. As a result, our cities have continued to lose thousands of households, and families with children in particular, every year to out-of-town developments which the government's own Commission on Architecture and the Built Environment recently criticised for being poorly-designed and dominated by traffic, with little sense of uniqueness. It went so far as to argue that, of the places it assessed, 'the quality of a substantial minority of developments is so low that they simply should not have been given planning consent' (CABE, 2007).

There is little sign that these messages are being heard and acted upon. Many of the 3 million extra homes, which the government still insists will be built, are scheduled to be constructed in new 'growth points' on the edges of or outside existing towns and cities, facilitated by changes to the planning system which are designed to make it easier to bring forward large-scale developments. After examining a number of proposals for growth, the House of Commons Environmental Audit Committee recently argued that many could become 'climate slums' – poorly designed developments built in locations prone to flooding and other environmental catastrophes (2007).

This pattern of low-density suburban sprawl, just at the point when we need to reduce the environmental footprint of growth is potentially catastrophic. The rush to build, especially now, shouldn't obscure the need for genuine commitment and sustained action to enforce higher standards on new developments and retro-fit existing neighbourhoods to make them more energy-efficient and less resource-intensive.

The controversy over eco-towns reflects the utter misdirection in the government's housing-building and environmental agenda. A rational attempt to promote sustainable growth

and boost housing supply would start by re-using the empty spaces and buildings which exist in abundance in our towns and cities, and incentivising people to move to places which are currently under-populated, rather than put more pressure on the over-heated South East.

The government has started from the opposite position, proposing to create ten 'new settlements, separate and distinct from existing towns' from scratch on virgin land, including greenfield and greenbelt land (DCLG, 2007). The eco-towns are a bad idea in principle and, based on the quality of the proposals put forward so far, likely to be even worse in practice. Unimaginative and unsustainable, many of the plans have been described as 'dusted-down schemes that have previously been rejected by democratic planning authorities' (Spiers, 2008).

It would be easy but entirely wrong to dismiss the opponents of the eco-towns as NIMBY placard-wavers who don't care about 'the housing that young families and first time buyers need'. Yes, we need more homes, yes we need them quickly – so why put so much effort and money into proposals which will deliver only 100,000 new homes by 2020 at the earliest? If we want to deliver new homes and drain the poison from the eco-towns debacle, we should recycle the government's commitment and money in more effective ways.

The other aspect of housing policy which we need to confront is the way in which unsustainable plans for growth are creating deeper social divisions within and between our towns and cities. Under the banner of the national strategy for neighbourhood renewal, the government has halted the decline in the poorest neighbourhoods and put many on the road to long-term recovery.

Yet there has been little progress in reversing the dramatic polarisation between rich and poor neighbourhoods which we experienced between 1970 and 2000. To a great extent, this reflects the out-of-town growth patterns which the government has done too little to tackle. As Professor Marilyn Taylor put it in a recent publication for the Joseph Rowntree Foundation:

Urban clustering of poverty has increased and levels of inequality are rising: in parts of some cities over half of all households are now breadline poor, while wealthy households have concentrated in the outskirts and surrounds of major cities. (Taylor, 2008)

Far from helping hard-up families by building out-of-town estates, we are speeding up a process of de-urbanisation which traps the poor and pays the wealthy to move out.

### **Principles for a new consensus**

We face a complex set of challenges, which go beyond short-term economic instability and pose fundamental questions about how we balance the roles of the market and state to deliver affordable homes in sustainable communities in future. Yet it's difficult to discern a coherent, progressive response to these questions. Too often, we let simplistic slogans, and an atavistic yearning to return to extinct certainties, obscure the need for rigorous analysis and new thinking.

'Build more homes' is the most popular rallying cry. We do need more homes, and we need them quickly, but we have to engage with the tensions this involves. Where do we build them, given that our low-density cities and sprawling suburbs already stretch the capacity of local and national eco-systems?

'Bring back council housing' is another beloved slogan. But how? Local authorities have been stripped of the human and institutional capacity to build new homes for thirty years. Does anyone really think they could build the homes we need more quickly than private developers? And what sort of council housing should we bring back? Let's not get misty-eyed about the quality of some of the homes which Labour councils, with money from Labour governments, built for working class communities in the decades after 1945.

In place of easy slogans, we need a new set of principles that fuse the social democratic values of fairness and equity with the ecological imperative to channel growth and development in sustainable ways. I set out below, in the hope of generating a wider debate, what those principles might be. These principles draw on the sustainable model of urban development that I've previously described as the 'jigsaw city' approach (Power and Houghton, 2007). They also share some of the same territory as the notion of the 'commons' explored in a previous issue of *Renewal* (Vol 15, No 4, 2007).

#### *No new developments until we have re-used and recycled what we have*

Our towns and cities are full of under-used spaces and buildings which could be turned into new homes at a fraction of the financial and environmental cost of new developments.

London Development Research have shown that all of the capital's housing demand for the foreseeable future could be accommodated within existing boundaries by recycling infill sites (small, unused pockets of land) and under-used buildings. This would lead to far less infringement on greenfield land and help repair the fabric of our cities by reversing the flow of de-urbanisation.

#### *Putting children first*

Too often, progressive politicians have launched house-building programmes in the name of delivering social justice, only to create the next generation of sink estates. So instead of judging housing policies on the basis of short-term numbers and prices, we should assess the quality of life they will offer to our children in the decades to come.

The consequences of climate change for the next forty years are already locked in. To help future generations carry the burden we've imposed on them, we have to take action now to reduce the environmental footprint of our cities, impose rigorous energy efficiency standards, promote public transport and nurture bio-diversity.

#### *Social housing for the many, not the few*

It's a core social democratic value that the majority of citizens should contribute to and benefit from public services. We cherish the NHS because it symbolises this principle of universality. Yet when it comes to housing, a public good as fundamental as health provision, the opposite is the case. Our adherence to the primacy of home-ownership has already created a social democratic dystopia – the state only provides housing for the very poorest as an option of last resort. Everyone else is forced to compete in the market for the best they can buy.

We can surely do better. In many other European countries, the walls between home-ownership, private renting and public renting are much more permeable. In this context, public housing can act as a bridge to social mobility, a flexible option which a much wider range of people on different incomes can access.

Greater flexibilities for local authorities and Housing Associations to offer mortgage-type arrangements and buy up properties which aren't selling on the market, as some have

suggested, could rehabilitate the role of social housing as valued and respected tenure – as Bevan had hoped all those years ago.

### *Community housing – not council housing*

The potential emergence of a more flexible mix of tenures, with a greater role for public housing, is welcome. But we should also look at ways to promote greater resident and tenant empowerment. Instead of bringing back council housing, we should reach further back into progressive history and promote local forms of small-scale co-operative housing ventures in which people have a direct role in running their neighbourhoods.

There are many inspiring examples of tenant management organisations and co-operatives across the UK, and research shows that they are more efficient and more trusted than even the best local authority landlords. The government's 'empowerment' agenda would be given real meaning with a serious push to encourage a patchwork of bottom-up tenant and resident management organisations.

## **Conclusion**

The housing crisis we face today is not a market imbalance in need of correction, but the consequence of our reliance on the market itself to produce and distribute an essential public good. In its wake, there are signs of a greater willingness to confront the failures of the market and re-assert the role of the state in ensuring that everyone has access to a decent home.

The government hasn't quite decided where it stands in this debate, whether it wants to focus on economic measures to kick-start sales and get the good times rolling again, or recognise the social and environmental consequences of the unsustainable pursuit and constant expansion, and start to set out a new vision for how we should live in future.

Our aim shouldn't be to get back to normal, but to find new ways of providing affordable homes in genuinely sustainable communities. This doesn't mean wishing away the market, but using democratic measures to better direct and constrain it. It means balancing owner-occupation with other forms of tenure, and avoiding the mistakes of the past by giving more power to communities to shape the places they live in. It means producing new homes by recycling existing spaces and buildings, and avoiding further infringement on our natural resources by judging plans for growth against the highest environmental standards. The money we are going to spend on housing should be an insurance against social division and environmental chaos.

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