

**Housing as an encapsulation of the larger crisis:
what next?**

Michael Edwards m.edwards@ucl.ac.uk

Bartlett School of Architecture and Planning, UCL

This is provisional/draft material. Check for updates at

<http://societycould.wordpress.com>

Please note that some of these images have copyrights owned by other people and so they may only be used for study purposes.

Not all that I said is covered by slides or notes. In some cases where there is an image which might make copyright problems I have removed it.

Scope of the talk: 2 parts

1. Easy part: the narrative
 - an attempt to capture all the interlocking dimensions of the problem in the most compelling way
 - theorisation rather tacit, not in your face
 - language very 'ordinary'
2. Hard part: what to do
 - Review of potential campaigning issues, demand, reforms.
 - Barriers to change
 - Longer- and shorter-term perspectives



*Photo Peter Marshall
Friends of Queen's Market*

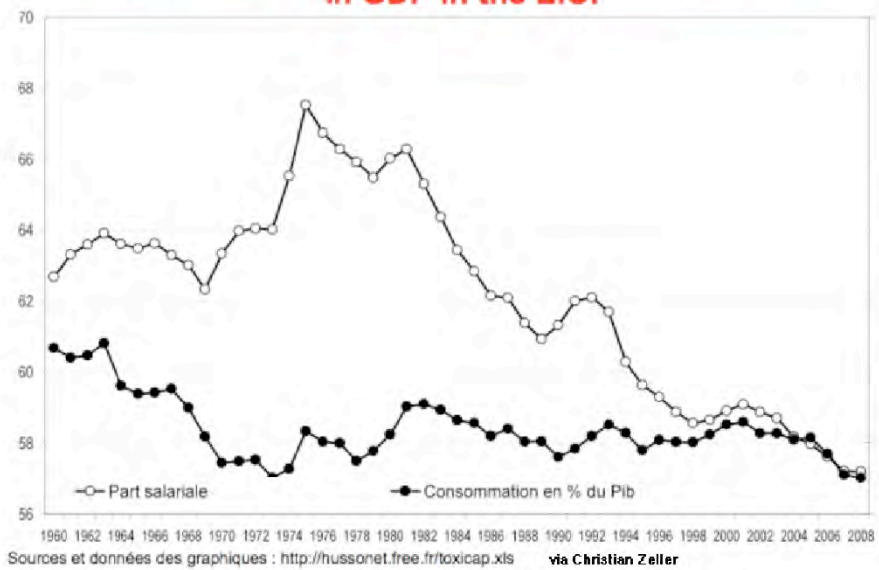
Origins of the crisis in class relations

- Falling wage share of social product since 1970s
 - and related growth of debt, profit, rent
- Switching of money capital into rent-seeking
- Financialisation of land and property markets
- Growing inequality in earnings, income, wealth
- Pensions; family wealth strategies

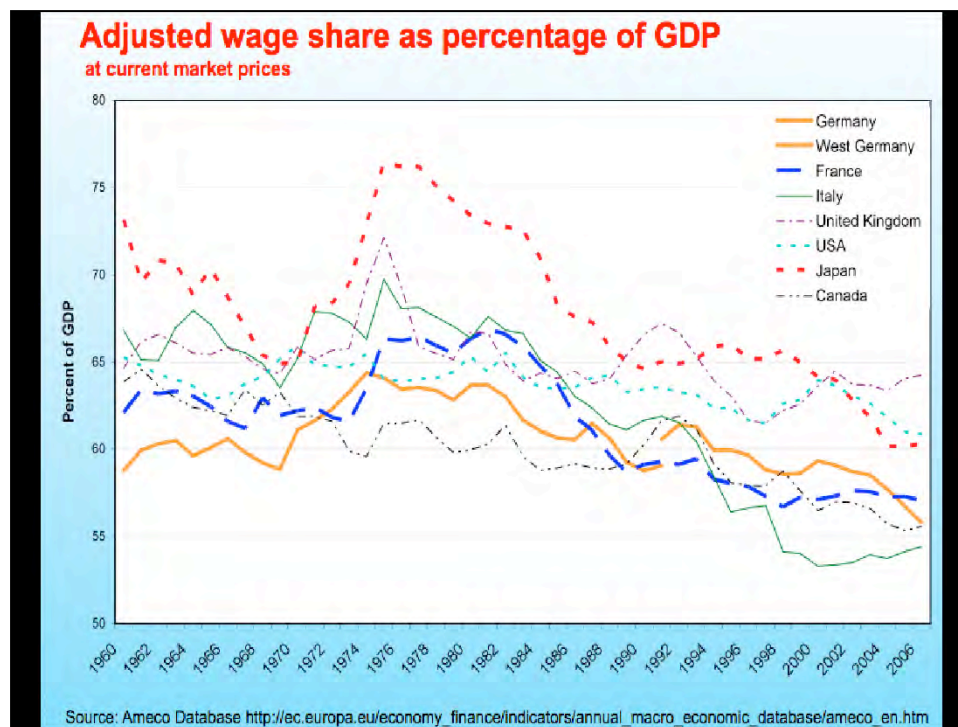
UK-specific problems

- regional disparities
- UK / London housing as a safe asset for global rich
- reliance on S106 etc for infrastructure, social facilities
- class power of landownership + restrictive planning
- housing market mediating (growing) difference – schools etc

Wage share and share of private consumption in GDP in the E.U.



Sources et données des graphiques : <http://hussonet.free.fr/toxicap.xls>. Thanks to Christian Zeller for this link/data



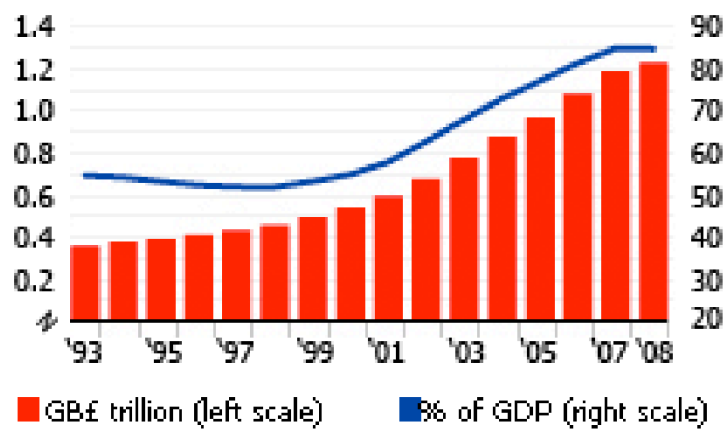
Christian Zeller / but also versions in Harvey / financial press – becoming mainstream

*UK graph of Male median
income and GDP per capita
moving up together 1953
to mid 70s, then income flat
while GDP/p goes on up.
Robb + Minto in FT June
30 2011
from OECD data
Deflated using
GDP deflator*

similar charts now very common, e.g. in NYT, FT, Economist

Debt

Outstanding Secured Lending to Households



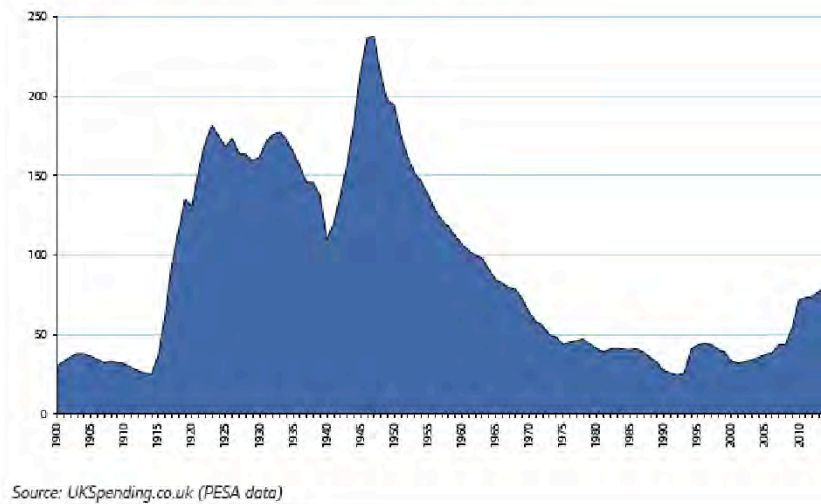
Debt



This is total personal sector debt, adding unsecured borrowing

Debt

Figure 6.2: Public Sector Net Debt in the UK (% of GDP)



See also especially Vicky Chick and Ann Pettifor: The Economic Consequences of Mr Osborne, www.primeeconomics.org

Snapshot The income gap

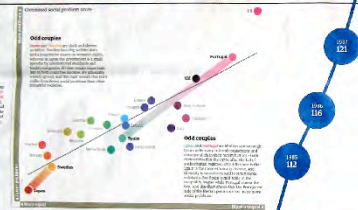
Inequality: mother of all evils?

More money won't fix broken Britain, but sharing the money could. That is the conclusion of The Spirit Level, a groundbreaking study which concludes inequality is at root of all society's problems, from violent crime to teenage pregnancy. On these pages Tom Clark presents the evidence so you can make up your own mind.

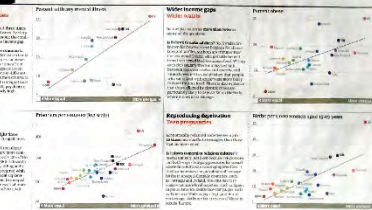
1 Income gap league table UK snarling top



2 Economic divides Social wounds



3 The widening gap How the divide opened up



4 The price is paid by the middle class too

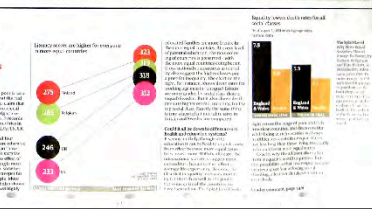
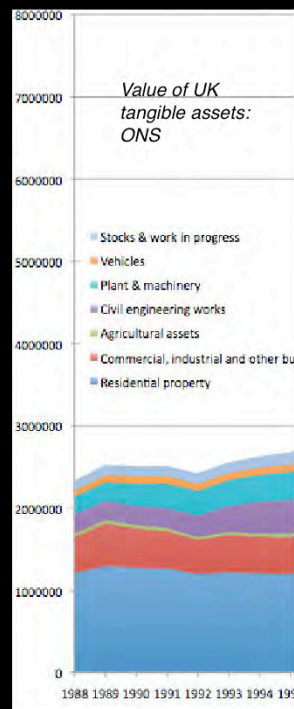
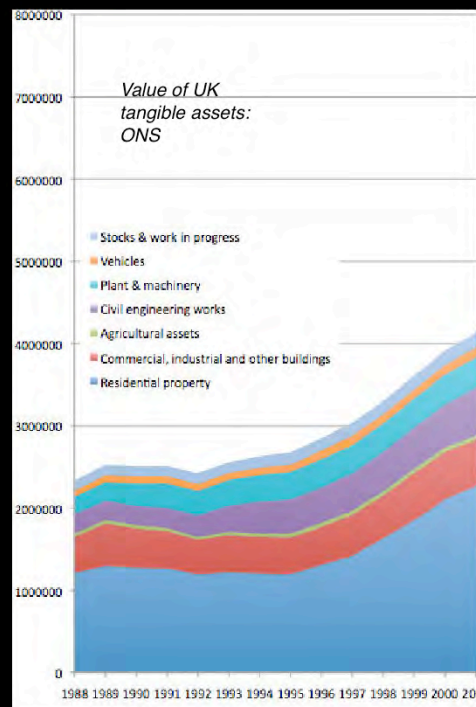
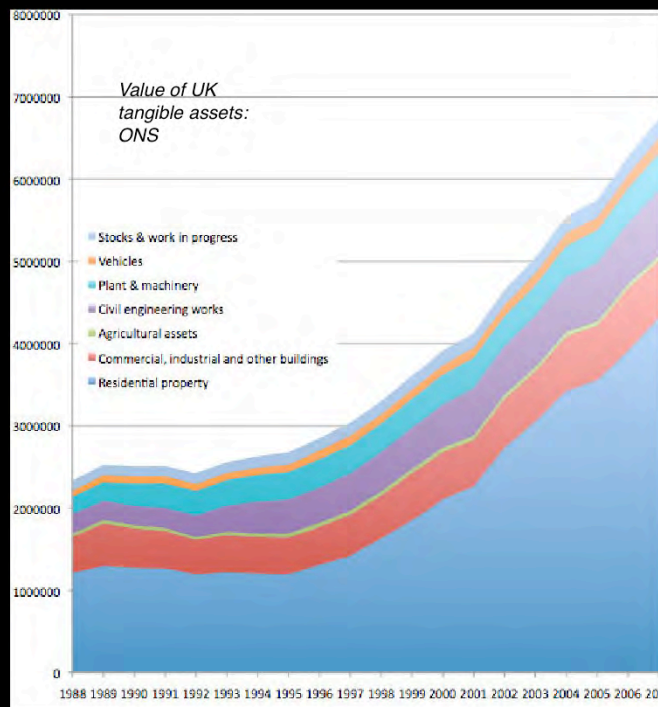


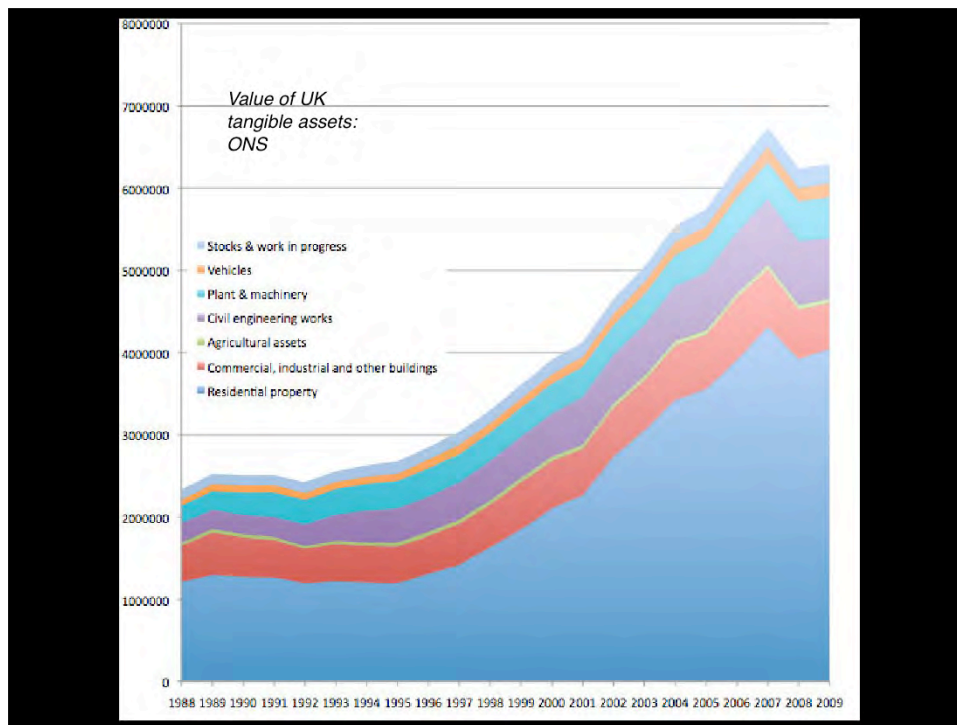
Diagram from FT showing change in income inequality in various countries, drawing on OECD data.

<http://www.ft.com/cms/s/0/fc77fce8-7580-11e0-8492-00144feabdc0.html>



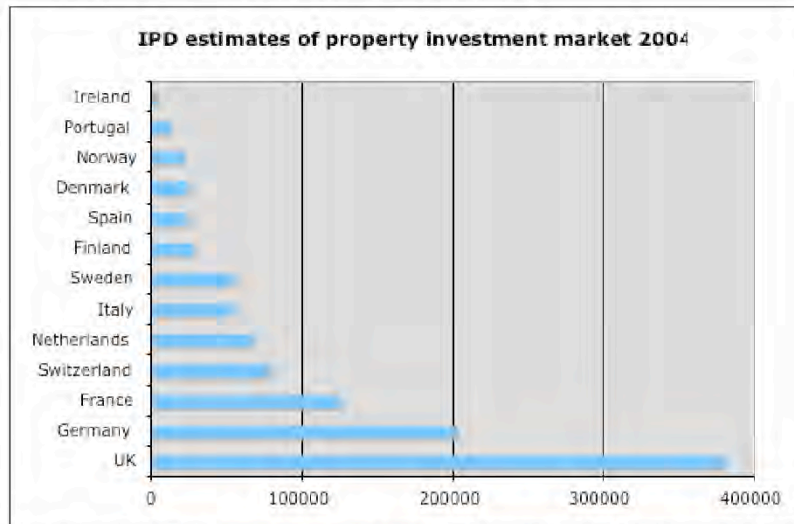






Michael Edwards Chart from UK govt data; units are x1000

Money capital into property



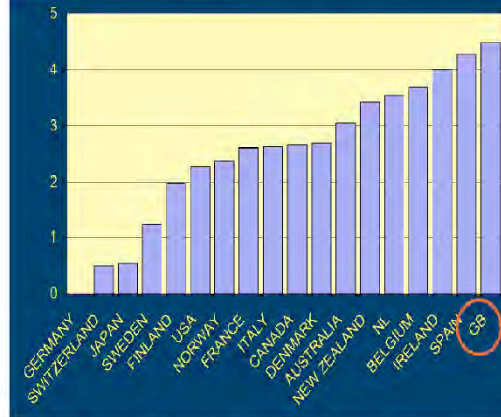
- This is IPD data on the total value of the stock of **investment** property, mostly non-housing

Michael Edwards chart from IPD data

UK house-building

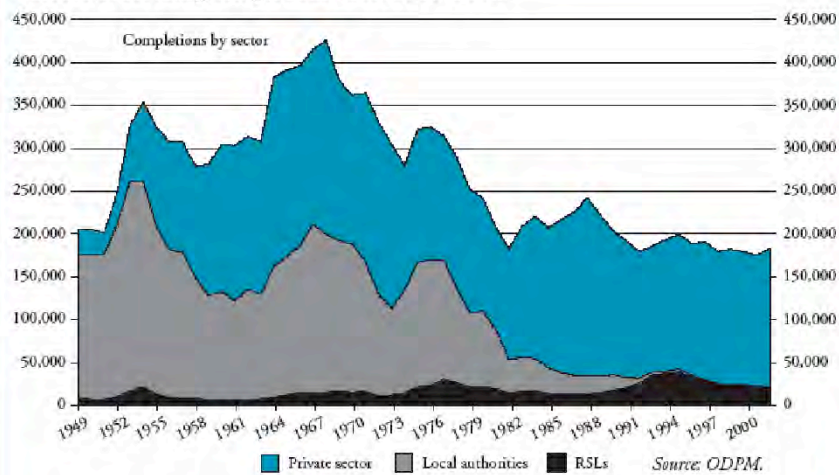
Price escalation
 Static outputs
 Poor value for money
 (m^2 per £)
 Falling affordability
 Volatility of prices
 Wealth escalator effects
 Working hours effects

Real house price growth, av. 70–06 (BIS)



Used by Christine Whitehead 2011, attributed to Hilber and Vermeulen 2010. Permission being sought to reproduce.

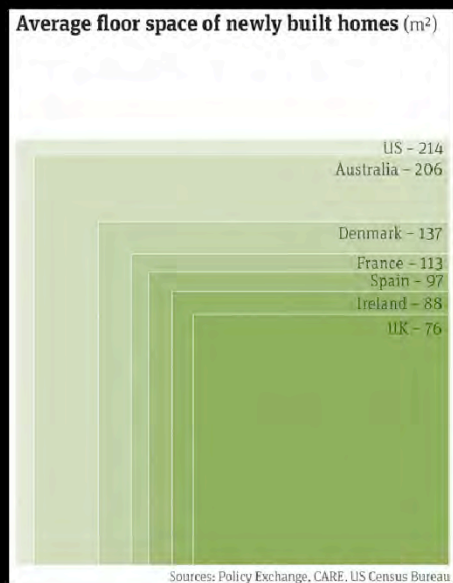
Hilber and Vermeulen 2010

Chart A.1: Housing completions, UK, 1949–2002¹

¹Data may not be reliable for earlier years and definitions are not fully consistent through series.

Barker

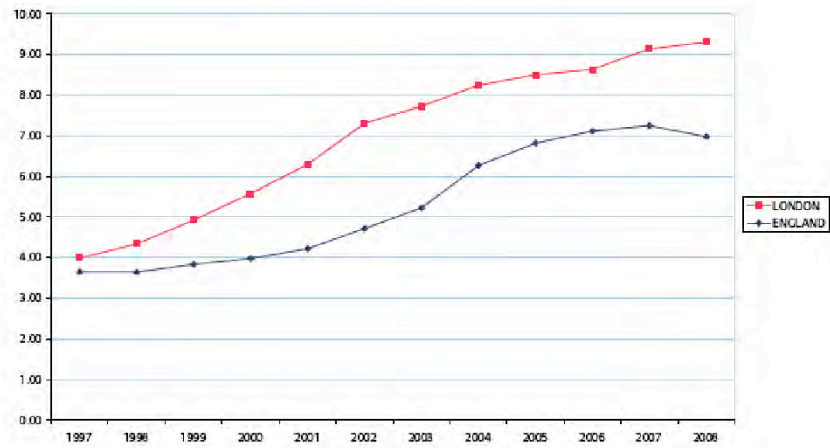
chart from Barker first report.



*Kevin Cahill, 11 March 2011
New Statesman*

Figure 7.2: Affordability of housing over time

Ratio of Lower Quintile House Prices to Lower Quintile Earnings, 1997-2008



Source: CLG

GLA London Plan evidence base

Difficult: what is to be done?

- Long term goals:
- increase wage share in output & narrow income differentials
- break the power of landed property
- Find better ways to organise, finance and manage settlements

specifically...

- Reduce the role of land value speculation in investor and household strategies
- Manage demand in more egalitarian way
- Orient investment to physical work on the stock, minimising impact on prices
- Revive public ownership of land
- Re-thinking pension arrangements

What could we expect from more collective forms of ownership?

- Eradicating aggregate scarcities (AR/MR)
- Being left with land values/rents which reflect differentials...
 - some benign / functional differentials – accessibility to jobs etc
 - some malign differentials— access to good schools etc, class segregations

The owner-occupation imperative

- What do you get for it?
 1. access to this wealth-accumulation system
 2. security of tenure (so long as you repay loans)
 3. freedom to modify the dwelling, DIY
 4. all the management, maintenance, admin
 5. totally individualised relationships

What would demand be without 1? Can we stabilise prices in real terms?

What about splitting use value from capital gain (cf Sue Smith) ?

What would demand be if tenure were more secure in rental sectors

Do we have to stabilise prices first, before reforming anything?

Taxation etc


- review privileged position of owner-occupation in CGT, IHT ?
- switch to a generous Schedule A tax ?
- LVT attractive but... it's all part of making markets "work" better and it needs a different kind of planning system.

Non-tax approaches

- Devising forms of equity-sharing through ground rent reviews etc (NL especially useful)
- Doing designs so good that (at most) people prefer them to empty farmland
- Ending RTB
- Leveling-up tenure security so that (some/all?) private rentals are as secure as social renting
- Reform of HRA (which the coalition is doing!) – NB this criticised in discussion by someone who said it is not so benign as I thought.

Main problems:

- the class / financial features of UK owner-occupation
- the class power of land ownership
- (remains a class problem even though capitalist land ownership is fully assimilated within a financialised capitalism)



Society could do housing and cities better | We have an opportunity to do better than return to pre-crisis conditions

[http://societycould.wordpress.com/](#)

[Amazon](#) [Flickr](#) [UCL](#) [UCL just space](#) [Jst010](#) [Google](#) [Society could](#) [Blog](#) [Twitter](#) [London...](#)


[housing and city...](#)

[My Blogs](#) [Blog Info](#) [Subscribe](#)

Search WordPress.com

Society could do housing and cities better

We have an opportunity to do better than return to pre-crisis conditions



Photos: Michael Edwards/let, Daisy Merrigall

[Home](#) [About...](#) [Bob Colenutt texts](#) [Michael Edwards texts](#)

Our purpose

Posted on 06/05/2010 by Michael Edwards

This site is devoted to exploring how the UK could move forwards from its present crisis of housing and planning, not backwards to the monster which our country had developed in the last three decades. The monster was unjust, inefficient, crisis-provoking and ecologically unsustainable.

Recent Posts

- Progress on the project
- Our purpose

Editors, networks

- INURA
- Michael Edwards blog

warning

- These slides were prepared to illustrate a talk and do not make sense without the text. The text is following later in 2011; meanwhile earlier versions are here on
- <http://societycould.wordpress.com>