

The economic crisis

Towards sustainable economies and livelihoods

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Housing and Homelessness Issues

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What I'm going to do is to say something about the current situation but also set out some ideas about where taking a theologically influenced approach might take us in terms of the opportunities for change which the economic crisis offers.

So, the starting point is that there was already a crisis in that, although homelessness has been successfully targeted by the Government, leading to lower numbers of street homeless people and of households in temporary accommodation, the barriers to getting on the housing ladder have been getting higher as house prices have risen and as the number of new homes built each year has not kept pace with the number of new households.

Where the current crisis is making matters worse are the points where greatest difficulty was already being experienced, for example people with no recourse to public funds (like asylum seekers whose claim has been rejected or A10 migrants), and the vast number of hidden homeless people (more than 400,000 according to an estimate made for Crisis in 2003, although no one really knows how many) and people (like single people over 19) who have no priority need status and so for whom there is no statutory duty to provide housing.

Plus repossessions are on the up – predicted to be 75,000 in 2009 compared to 45,000 in 2008. Furthermore building and development has pretty much ground to a halt, leaving no realistic chance of achieving the ambition of three million new homes by 2020. And to cap it all the number of mortgages taken out is at the lowest rate ever so that the housing market has stagnated, but the number of households is inexorably increasing, in part due to migration but mostly due to longer life expectancy and the changing social patterns that see more of us living alone.

But listing what is wrong just adds to the burden and is not helping in terms of reflecting on the theological and spiritual aspects of the crisis or in finding solutions. So to move us forward, and perhaps to bring in some hope and light, I want to pick up the ideas of fairness and distributive justice that underpin GET FAIR. My reading of the Bible and my understanding of some of the theological theorising here is that while God is not always 'fair' in a twenty first century sense – think Mary and Martha, the prodigal son, or the labourers in the vineyard – He is definitely just, a theme that permeates both the Old and the New Testaments, especially in the sense of justice being about right relationships. That is, about right relationships between God and humanity, but also right relationships between people and within and between social institutions, including how we organise the distribution of goods in our society.

Another word that is used in this context is righteousness. To be just like God you could say we need to get righteous by doing what is right, and by putting things right, and that is maybe the route to sustainable economies and livelihoods. And then again, seeing all this from God's perspective involves a bias towards the poor and marginalised and away from the rich. So putting these concepts together I want to argue that there is a need and an opportunity to critically examine the justice of the way we organise housing at the moment from the perspective of right relationships, of doing and putting right, and in a way that reflects the bias to the poor.

So here are some points where righteousness is not apparent in the field of housing and homelessness – places where there is injustice at the moment and which I believe are susceptible to change due to the current crisis.

- The price boom has left some home owners with unearned assets, windfalls if you like. These gains, which are shared by people like me as well as by professional investors and fat cats,

have resulted in an imbalance in the housing market, have skewed the distribution of assets in Britain, and have contributed to the problems of closed systems which I will come on to.

- There are significant imbalances between different forms of housing tenure. The main forms of tenure are owner occupier (owning outright or mortgage holding), private rental and social rental. The most secure (hardest to get evicted from) is outright ownership, then social renting, then mortgage holding, then private renting. The most expensive is mortgage holding, then private renting, then social renting, then outright ownership. So the lowest cost tenures are the most secure and higher costs do not relate to lower risks.
- Housing stock is not distributed according to need. Single people and couples occupy large homes while bigger families are overcrowded. This distortion has been made worse by the boom in buy-to-let investment properties with fewer, smaller rooms. London has particular problems of lack of supply while there is still significant oversupply in Northern cities. Some people have two homes while others have none.
- All the above, taken together, have created a set of closed systems in housing. People are trapped by their tenure, by their location, by changes in the value of their investment unrelated to its value as a home. Movement between tenures has slowed down to a trickle and so the systems are effectively closed.

So what are the changes that could be facilitated by the current crisis and that might remove injustice and improve righteousness in the system? The first is that house prices are falling. This means that affordability (for the majority who will still be in employment) will improve and along with the ability to enter the market.

Secondly, the collapse of development and sales, combined with the fact that need is not diminishing, opens the door to local authorities as house builders and as landlords once again. In addition, newly announced mortgage rescue schemes further extend local authorities' role as landlords. This opens up the way for new thinking about the responsibility for providing homes for and within the community. Of course both of these aspects have downsides as well as upsides – negative equity and the poor reputation of local authority housing to name but two.

Thirdly, as investment in public works is being seen as one of the ways out of the crisis, I want to argue strongly for house building and improvements and repairs to the housing stock to form some of those works. This would seem to be an ideal way to retain skills and to make headway towards the three million new homes target (or is it an ambition).

Fourthly, the stagnation of the house purchase market is creating more landlords – all be it reluctant rather than investment landlords – and more renters. Making renting less of a losers' option should begin to open up the closed systems of tenure. If we end up with a more mixed group of people as social renters the end result could also de-stigmatise that as a tenure as the UK economy comes out of recession.

Finally, the change I think would do the most to end injustice and bring about righteousness in housing would be a move to think of the buildings we live in primarily as homes rather than as investments. One step on the way to this, taking advantage of the fall in prices, would be to introduce a tax on gains in house value over a set percentage while we are at the bottom of the market. By limiting the gains we could expect to realise from our houses (and perhaps also limiting house price inflation) we might again begin to think of them as somewhere to make a life, bring up a family, earn a living and play a part in a community. Without a change of this sort I fear we may, as a society, be condemned to chasing ever decreasing investment values and property profits in a society increasingly polarised by tenure.