Rethinking the Housing Crisis

Most housing theories are concerned with housing finance. Few propose changes in social relationships. Colin Jones puts forward arguments for the development of a revolutionary housing theory.

The purpose of this article is to introduce a number of housing theories, to examine the various problems they raise, and to put forward arguments for the development of a revolutionary housing theory. Obviously, an article of this nature can be only a sketchy outline. Its main function is to be a catalyst for debate and for the development among the left of an understanding of socialist housing theory. This is important for two main reasons. Firstly, if the Accord is to continue or is renegotiated, it will be important that we have a well developed housing theory, so that the "social wage" can be applied in a socialist context to housing. Secondly, "Shelter" (Australia), a coalition of housing groups, has not yet developed a truly comprehensive housing theory nor does it even officially support any existing theory.

Housing theory can be divided into two main groups, those concerned with housing finance and those proposing changes in social relationships. Most housing theories belong in the first group although there are great differences in the conclusions reached. Three main theories are those by Jim Kemeny, Kilroy and McIntosh, and Hugh Stretton. Jim Kemeny's and Hugh Stretton's views both draw on the Australian experience. Kilroy and McIntosh's arguments are based on British experience, and have been implicitly endorsed by "Shelter" (Britain).

Jim Kemeny's views are based on the premise of creating "Tenure Neutrality". This means that the different tenures, i.e. owner occupation, public tenants, private tenants and rental housing cooperatives, should be treated equally, so that no one tenure obtains financial benefit, either through capital gains, explicit public subsidy, or imputed income (estimated rental values on owner occupied properties).

Hugh Stretton has, over a long period of time, published a large amount of material on housing and social theory, but his main thrust has been to encourage home ownership. This has been based on the view that a housing proposal must be designed which achieves equity in three key aspects—between institutional and domestic capital, between the three main housing tenures (private ownership, private rental and public rental), and between classes. His line has been to encourage housing equality between classes, by which he means that all classes of society should have the opportunity to be home owners. This implies that a system has to be developed to enable people on low incomes to purchase houses.

Kilroy and McIntosh see the housing problem in terms of the distribution of a scarce resource. They argue that this scarce resource should be distributed as equitably as possible, but they totally ignore the problems of how to ensure that there is an adequate supply of housing. They advocate such policies as taxing imputed income and national pooling of public housing rents.

The alternative theory is advocated by Michael Ball, who argues that there needs to be a change in social relationships. He envisages that this would take the form of nationalisation of the building industry, land, real estate agents and building societies, as well as an agreed price system for properties. He does foresee that home ownership would exist, but the houses would be sold on long leases (a practice long accepted in Britain).

The problems with theories based on housing finance are that they are purely reformist in approach and could easily be disbanded when governments change, or be used to implement rightwing housing policy, for example, by changing the emphasis of subsidies that may be granted. These theories, therefore, make only minor adjustments and fail to address the real problems. These
problems are the inability of the house building industry to provide sufficient housing of good quality at low cost either for rent or sale. This can be achieved only by changes in social relationships, allowing motives other than profit or financial viability to be taken into account when looking at the housing problem. Social factors must be taken into account when assessing the true costs and benefits of providing housing. It may be that, presented with a housing theory based on the need for social change, people will decide that such a housing policy should be implemented, even in a pluralistic democracy. However, even if this were not possible, a revolutionary policy can be used as a tool to measure the effectiveness of other policies, although the revolutionary policy should always be seen as an achievable goal.

So, in advocating a policy which requires social change, the consequences should be shown. The first effect is the nationalisation of building companies. This raises the question of who will be nationalised and how this nationalised industry could be organised. It should be noted that most profit made by the building companies emanates from their large land holdings and from commercial property holdings. The companies do not have large amounts of capital invested in plant and machinery due to the fact that most of it is hired, and because of the intensive use of sub-contractors. The skills of these companies are in management of the building process and in competitive tendering. It can be argued, therefore, that, should land be nationalised, there should be no compensation if the building companies were nationalised. The most appropriate way of organising the nationalised building industry would be to set up a series of local enterprises with a high degree of worker control. Exceptions would include those national companies which specialise in building freeways, etc.

The main argument for the nationalisation of land is that the value of land is created by the community, either through the demand for new buildings, or through its value being based on its zoning under planning laws (and, of course, planning should be democratic). Land, unlike most goods, does not have a cost of production, nor does using the land destroy it. Land can always be redeveloped. Once land is nationalised, it should not be sold, except by long lease.

At the moment, land and property are sold or leased through private real estate agents. However, if houses are sold at some controlled or regulated price, then there would be a need for a centralised agency system. This could be locally based to allow for uniformity in the implementation of policy and the standardisation of language in advertisements and descriptions of houses for sale, e.g. replacing estate agent phrases with accurate descriptions — "renovator's dream" would become "in poor condition"; "ideal first home" would become "very cheap". The market could be used to set the price, with a tax levied on any surplus over the set price. Nationalisation could also allow the use of modern technology so that people moving interstate, for example, could be helped by their local agency.

Extensive analysis of housing theory is not within the scope of this article, but it is hoped that it will provoke discussion and debate around this important issue.

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Recommended Reading:


Leonie Sandercock and Michael Berry, Urban Political Economy, George Allen and Unwin, Sydney, 1983.