1. SPATIAL JUSTICE, HOUSING AND FINANCIAL CRISIS

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The Housing Crisis of the 1980s

The reason I am writing this chapter is that way back in the late 1980s I managed to get my first job as a temporary researcher in Newcastle upon Tyne. The job, funded by the Rowntree Foundation, was to look at homelessness, but by the time I got to start it, people were no longer so interested in homelessness.

If you remember the 1980s, you can remember how homelessness arose again as an issue but something strange happened, at least in England, in 1989 – particularly September 1989. We had a housing market crash – not very big in hindsight, but it seemed very big at the time. And I was asked to work out what was going on about this new phenomenon called negative equity, which had never been recorded before – people's homes were worth less than the mortgages they owed on them. I was very grateful because it meant I could take out my first mortgage, so it was good for me. But it also told me as a young researcher how little was actually known about the mortgage market, about lending, about the nature of the house-price bubble at that time and what would happen when people fell into trouble with their housing.

The housing crises then were different in different countries – housing prices peaked at different times. The reason why it was September 1989 in England was that the law was changed so that you couldn't claim tax relief as a couple after that month and lots of people rushed to take out mortgages just before then, thinking that they would do very well, and then found that they were stuck. The Bank of England produced an estimate of the extent of negative equity, which was at least 50% incorrect. Things really weren't known: the bank was using regional house price estimates, but prices actually fell in the very poorest parts of the country the most, so more people were affected than the bank presumed, but the total sum of unsecured money was half what it estimated (still a huge amount of money for the borrowers in negative equity).

With access to building society mortgage books, with colleagues I could map what was happening, and that is how we found that the situation was actually worst in the poorest parts of the countries, not in

the richest – worse in the East End of London than the West End (where folk had put down higher deposits). Poorer people take out the biggest loans as they have the least savings. Big for them, not so big for what were building societies. It was then that I became interested in the whole issue of housing and how we are housed. But then the housing market in England recovered.

When the housing market recovered, people began to forget about the recent past. It seemed like a blip, or something not to worry about very much. But not everybody stopped worrying.

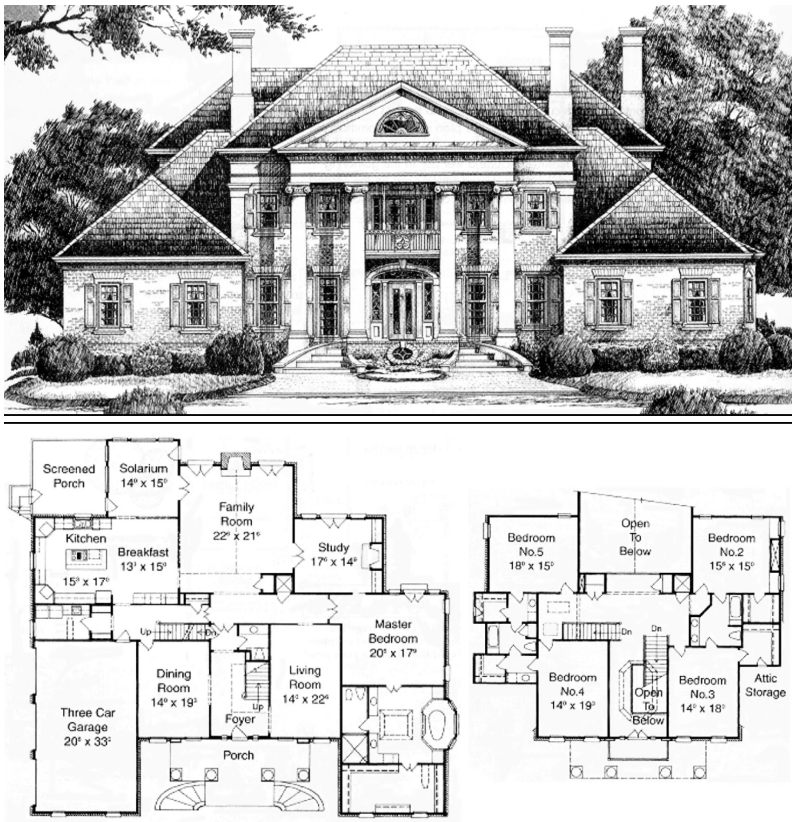
A professor called Robert H. Frank, based in the USA, gave a lecture in 2001 about how everything was going wrong with housing and lending and what people were doing in the US and what people were wanting: some people wanted to purchase the dream property. (Frank carried on working through the 1990s, when I didn't, on housing and issues of income inequality. I think he hasn't been rated enough.) The lecture was published in 2007 as a book: *Falling Behind: How Rising Inequality Harms the Middle Class* (Frank 2007). To illustrate his lecture he used an image of a 6,000 square-foot house (Figure 1.1), in which there were five bedrooms, a living-room, a dining-room, a family-room, and a study, alongside a garage for three cars. And the dream property became a reality for part of the middle class in America. If you didn't go for a dream property, if you didn't try to get the largest house you could in the best school district that you could, it became harder and harder to be normal.

My key point here is that while people say that what happened was a terrible shock, it wasn't a terrible shock to everybody. Robert Frank wasn't a particularly obscure professor of economics in the United States. He wrote two of the main economics textbooks (Frank and Bernanke 2003, 2006) jointly with a man called Ben Bernanke (who later was the Chair of the Federal Reserve, holding that post until January 2014), and I think it is important to realize that towards the top of elite societies there was a realization that something was going wrong, but not a realization of what to do about it.

I first saw Robert Frank speak when I was invited to No. 11 Downing Street, I think by Gordon Brown, where Frank did a very entertaining talk. I am afraid I'm not going to be able to replicate his talk, showing a series of advertisements for barbecues in the United States and how people were buying bigger and bigger barbecues and where this could lead you, because it was becoming normal to try to show off more. His concern, the way he put it that worked best for me,

Note: new image to be supplied. This is low res and the floor plans are not readable.

FIGURE 1.1 Dream home: 6000-square-foot house, front elevations and floor plans, USA 2001



Source: redrawn from: Robert Frank, 2001, Falling Behind: How Rising Inequality Harms the Middle Class, lecture presented to the Seventh Aaron Wildavsky Forum for Public Policy: Richard and Rhoda Goldman School of Public Policy, University of California at Berkeley, October 18–19, 2001

was that if you didn't (in the US) try your hardest to go up, and spend more on your housing, your children would find it harder and harder to get to an average school and were much more likely to go to a school where they had to go through a metal detector on the way in and where there might be a policeman with a gun stationed in the school. So it made sense to try to buy the dream house.

The whole bubble made sense personally, it made sense for bankers and for buyers, all individually, and it wasn't a complete shock to everybody, including the co-author of Ben Bernanke's economics textbooks,

when it came to an end. They just didn't do anything about it beforehand because they didn't know what to do. Ben was made chair of the Federal Reserve in February 2006: too late to take the blame; too early to avoid the maelstrom. But let's step back from such titans to my job as a temporary researcher.

I, to my great shame, stopped doing work on housing in the 1990s, and came back to it later as the crisis got worse and worse. The main thing I am going to do in this chapter is to point to aspects of the crisis around the world – maybe a bit too much about Britain, about England, but I will start with some things about the United States because there's a lot of talk surrounding the crisis now, outside of concerns over a few countries in Europe, saying that it will soon come to an end, that it will be like every other crisis; but the evidence isn't yet there to suggest that this isn't a big turning point, that there isn't something much larger going on.

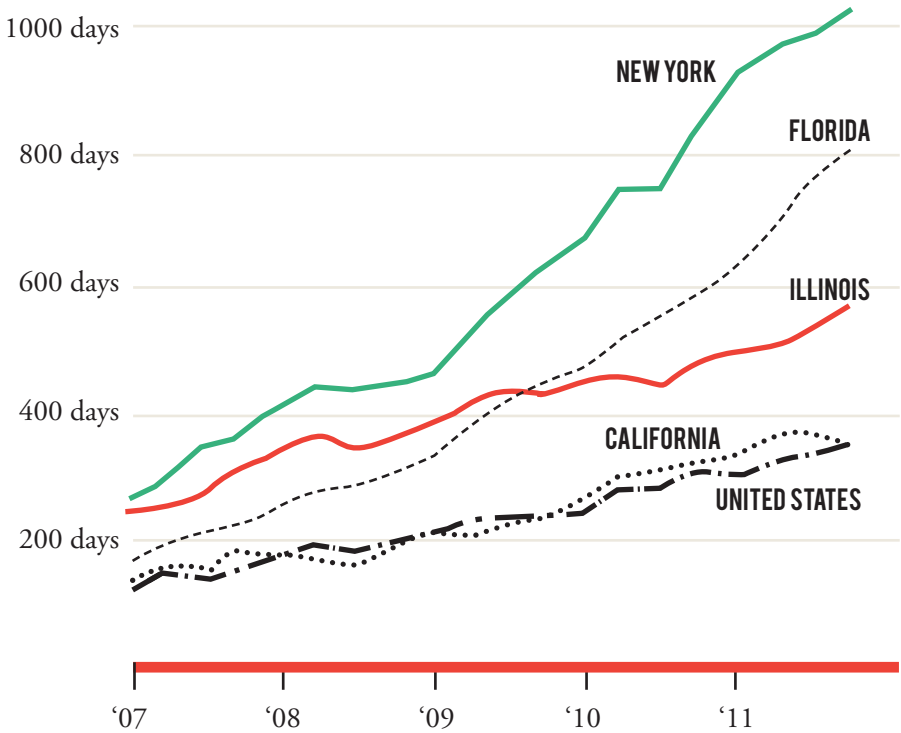
The current housing and financial crises

Figure 1.2 shows the time from mortgage default to eviction in the United States as a whole and in a series of states (using all the latest data I could get hold of). In the whole of the state of New York it is now three years for the average defaulter on their mortgage (it's called delinquency in the US) – three years between not paying and having the bailiffs sent in. What's happening in the US, and it's been happening for a long time – 2010, 2011, 2012 – is that the banks are leaving people in the property because the value of the property plummets when it is left vacant, and the value of entire neighbourhoods plummets. The last time we saw this in the US was in the 1930s.

There's a very moving letter in the comment section after a *New York Times* article. The man writes of his family's experience in the 1930s:

> When I was seven years old my parents picked a house out of a booklet provided by a title company and bought it. They found the previous owners (mortgagees), who had long since defaulted on their mortgage, living there. It was a great hardship for the occupants to leave, they had no place to go. My parents had to have them evicted in order to move in. Many years later, I found the booklet and realized that about 20% of the homes in the town were listed and many of my school classmates belonged to 'squatter' families (Bob 2012).

FIGURE 1.2 Average number of days to complete a foreclosure in some US states, 2007–2012 (Saulny 2012)



Source: RealtyTrac – reported in turn in Susan Saulny (2012) When Living in Limbo Avoids Living on the Street, The International Herald Tribune: US banks and homeowners reach detente, 3rd March, redrawn form there.

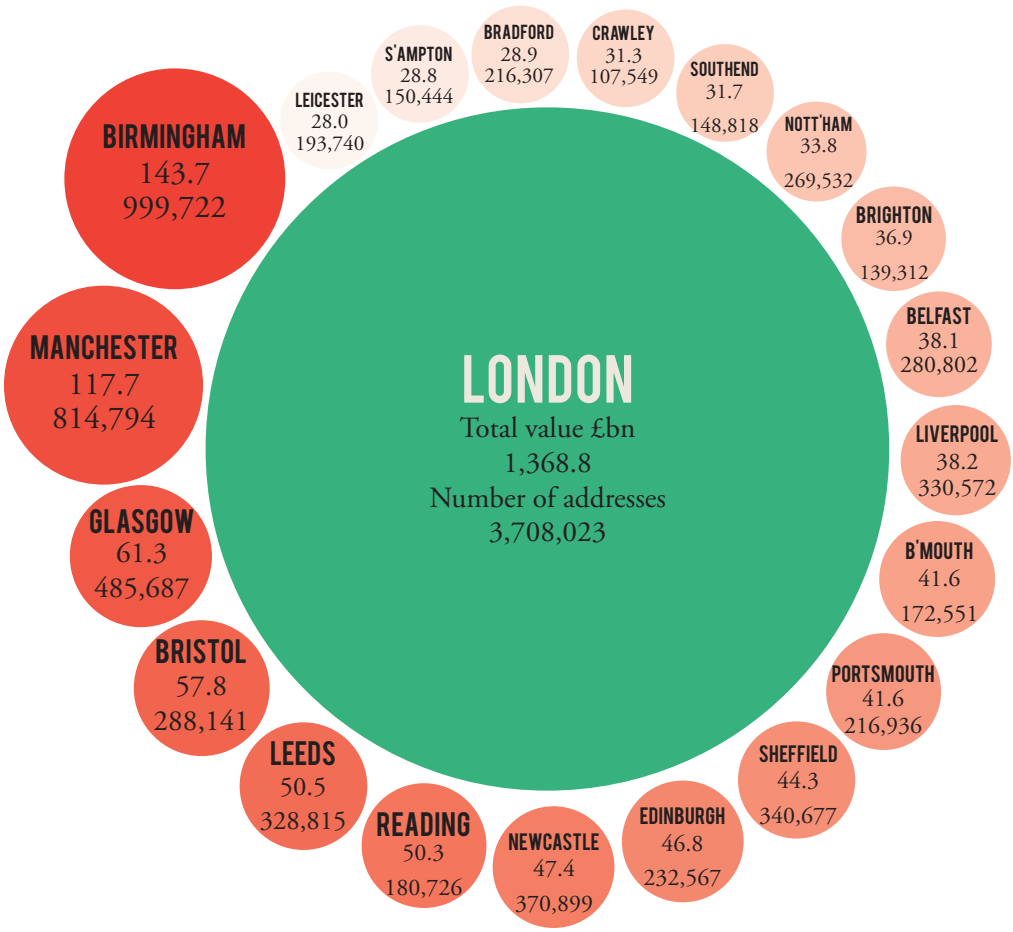
In his community, then, 20% of families had defaulted on their mortgages, but we've forgotten the 1930s.

This is the picture once again in the USA: because it's ongoing it isn't news, and gets reported less and less, but it's something very, very new to have not just so many people being evicted, but so many people in limbo. And then there are other people complaining about people living in these houses without paying for them, not thinking about how it feels to know that at any time you could be evicted. It's a story we often don't want to hear, because there is so much at stake.

Figure 1.3 shows a strange map of the UK, shaped by the value of residential property. I think this explains an awful lot of what goes on

in the country that I come from – why the main purpose of the current budget is to try desperately to hold the housing market up. The British government is willing to bet billions and billions of pounds on various schemes to try to keep house prices high, largely in the interests of one set of people who live in London or near London. On the map the areas are proportional to the value of the real estate, so that Reading is larger than Newcastle. It's a very strange situation when a country like the UK has become this kind of shape.

FIGURE 1.3 The value of property in British cities, 2012, £bn



Source: Analysis by Hometrack, areas defined by the State of the Cities Report, reported in: Collinson, P. (2012) House prices: guide to property hotspots, The Guardian, 30th March.

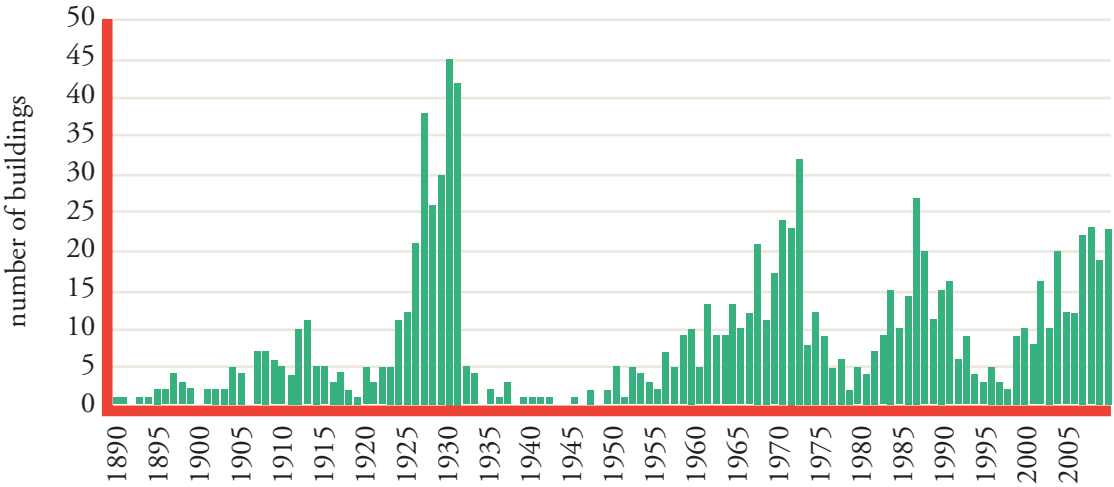
At this point I'd like to use my favourite quotation from our current prime minister, spoken to a *Sunday Times* journalist when he was campaigning to be prime minister: 'please don't make me sound like a prat for not knowing how many houses I've got.' He was asked how many homes he had. The correct answer was 'four', including a rather large estate near Scunthorpe, and he really didn't want people to know.

To get to one of the issues of housing that I am vitally interested in, you have to think why we don't complain more about a few people owning so much housing. David Cameron wasn't made to sound like a prat: it wasn't really picked up on at the time. The politician who was made to sound like a prat about how many houses he had was John McCain. If you remember, McCain couldn't answer the question of how many houses he owned when he was campaigning to be president. He had to ask his staff. A young Barack Obama made great play of this because Barack owned only one house, in Chicago. McCain's staff came back with the answer six, and then a reporter found nine. And then somebody else found 10, and somebody else found an eleventh house. McCain's gaffe has been recorded in political folklore, but maybe partly because he lost his bid to become his nation's 'leader'. Today it's a question of how we get out of the mess we are in – of how much we are still out of balance. If you're interested in these balances, it's well worth looking back at the past.

The original version of Figure 1.4 appeared in a book called *Social Justice and the City*, written over 40 years ago (1973) by a brilliant geographer named David Harvey. More recently (2012) he wrote a book called *Rebel Cities*, which contained a figure showing for New York the number of tall buildings (over 70 metres) completed each year from 1890 to 2009. Figure 1.4 shows that the nadir of the building boom in New York, after the 1929 crash, was 1934. It takes five years or more between a financial crash and when the plans to build finally run out of money. There's a kind of lag effect with building. You can't build a skyscraper quickly. And then after that crash you have a long period in which you learn that maybe building very tall buildings wasn't such a good idea after all, but then you begin to forget that and you start building again, and you have another crash in 1970 and another nadir in 1978, and another crash and so on. I believe that where we are today is most similar to five years after the 1929 crash. We're now five years after the 2008 crash.

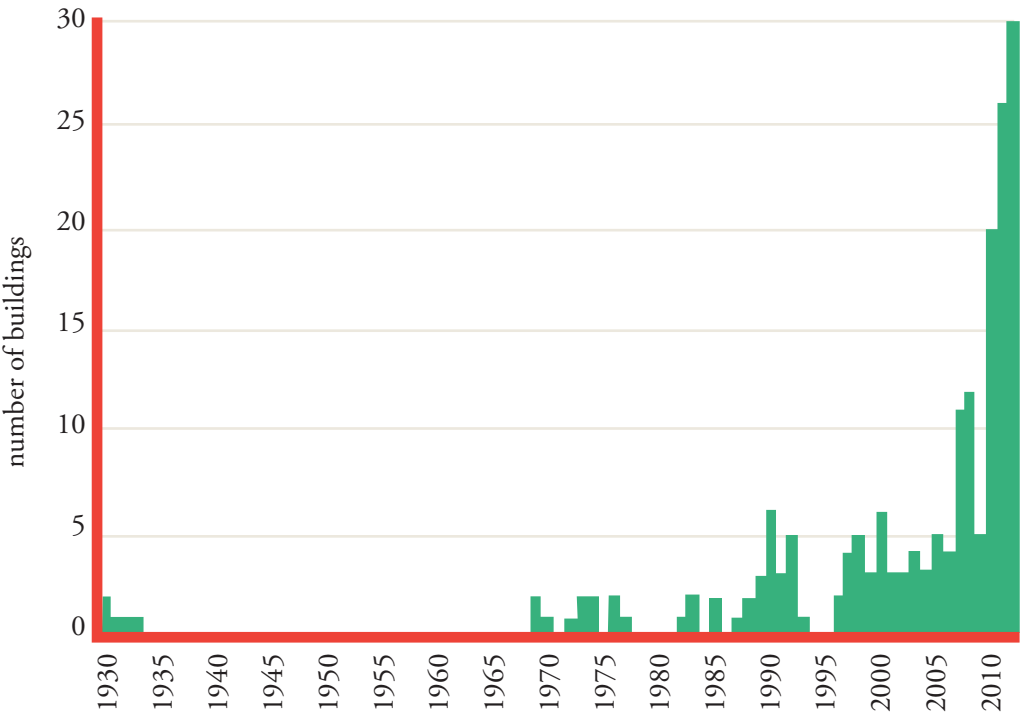
Figure 1.5 is my attempt at a similar graph (based on Emporis 2013), but for the whole world, because we're not now in the same situation as the 1930s. Things are much more interlinked; money can

FIGURE 1.4 Buildings over 70 metres tall constructed in New York 1890–2009, by year



Source: redrawn from Goetzmann, W.N. and Newman, F. (2009) Securitization in the 1920s, Yale University Working Paper, Figure 2.

FIGURE 1.5 Number of buildings over 256 metres high built per year, worldwide, 1930–2012



Source: http://www.emporis.com/statistics/worlds-tallest-bulidings. Analysis by author.
Note: Graph is of buildings still standing by 2013.

move around the world much faster than it could then. These are all the buildings over 256 metres tall, built across the entire world. More of these giant skyscrapers have been built in the past three years than in the preceding 30 years, but the plans to build those incredibly tall buildings were made before the 2008 crash, and we're beginning to see a slowdown, at least in the plans.

A helicopter crashed into a crane in London in January 2013, and people began to look up and ask, 'how many cranes are there in London?', and found that there were half as many as there had been a year previously. This tells you something, I think, about the things that are happening. I think we're at a point that is very strange historically and we are on the edge of a particular kind of precipice.

It's just a guess. We've no way of knowing – you never know. Skyscraper heights could carry on going up and up. We could become people who live in the sky around the world. Or it could be that we see a crash like we saw in New York all those years ago. These things are all connected.

The ongoing housing and financial crises

I was asked about a year ago to begin working on a book about housing, because housing is one thing that really brings most people together. It is an issue not just for people who find it hard to get any housing whatsoever – people who are homeless – but also for people who are renting and worrying about where their money is going. It is an issue for people who want to try to get a mortgage to start buying a house. It's an issue that terrifies the middle class and the upper middle class as they contemplate falls in their home equity.

Everybody thinks there is something wrong with housing. It's not just that housing was deeply intertwined with the beginnings of the current financial crash through sub-prime loans. Housing is one of the few areas where we are all in it together, in a way that we are not always when it comes to jobs, and certainly not when it comes to welfare benefits because so many of us do not rely on welfare benefits, so it is possible to do terrible things to welfare benefits. But we're all affected by housing.

This photograph in Figure 1.6 was taken by Gemma Ford of Sheffield. It shows houses that were purchased to be demolished, because there was seen to be too much housing in Sheffield at the time, and I see connections between houses being demolished in Sheffield

FIGURE 1.6 Housing slated for demolition, Sheffield, UK (photograph courtesy of Gemma Ford)

and skyscrapers being built in London. If you have a more balanced idea about where populations are going to be, and a more balanced idea of planning, you don't necessarily demolish houses like this and then stop using the sewer systems underneath them, the road system that's been built or the pavements that exist, the communities that exist, the schools that exist – you try to refurbish them.

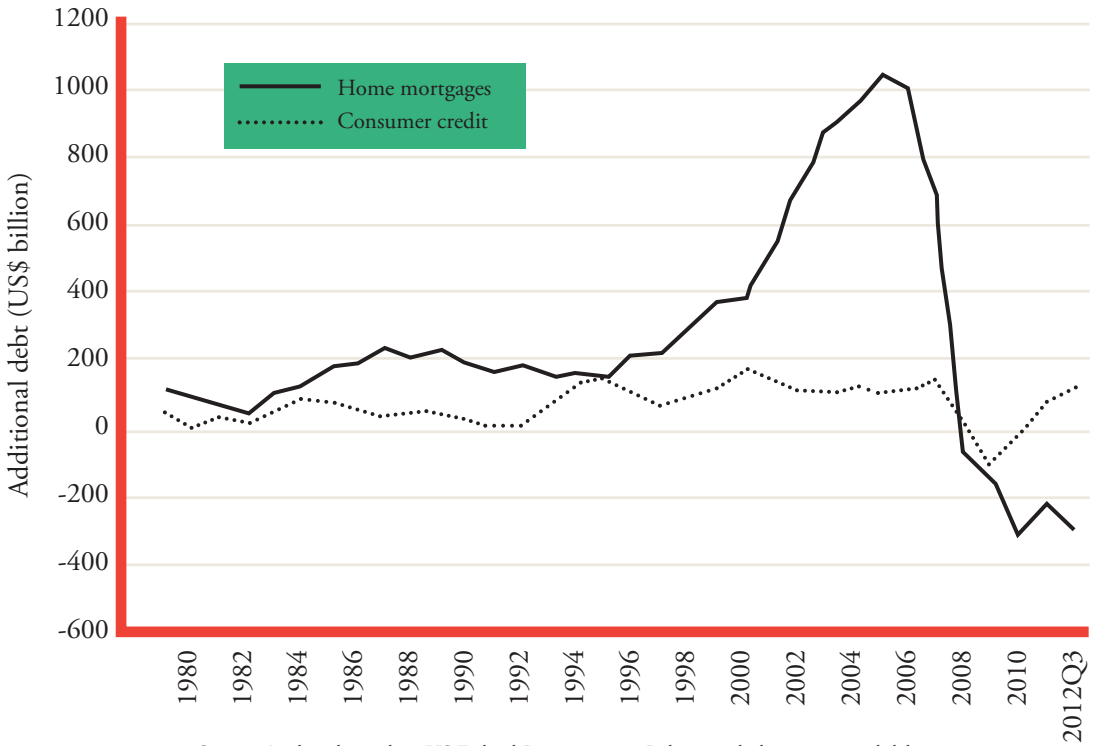
There are only a certain number of builders who do refurbishment. If you go to London at the moment, and you spend half a day walking through Kensington, you will see more builders than you will ever see at any other point in your life. Builders in Kensington are currently digging two or three storeys underneath, to put in basements and sub-basements. Currently under English law, there is no limit on how far down you can go. There's nothing to stop you. The gold is owned by the Queen, but other than that you can keep on going down. Builders' vans are all over the heart of London, and these are builders who could be doing up houses like those in Sheffield, rather than excavating a swimming pool or a cinema in the middle of the capital city.

I published a book in 2011 called *Injustice: Why Social Inequality Persists*. There is a paragraph on the Federal Reserve in it, and I thought I would now update it. The graph that the paragraph concerned was about mortgage loans in the US (the black line at the top of Figure

1.7). I have updated it with the most recent data; the Feds are quite good at getting data out quickly (Board of Governors of the Federal Reserve System 2013). The black line carries on going down. The importance of this is that since 2008, the citizens of the United States have been paying back more than they borrow for housing, for the first time ever. There is no sign of that particular crisis abating, no sign of going back to normal yet in the US. I'm not saying it's necessarily a good thing to have a population getting increasingly in hock to banks, but we are in new territory.

The banks can't function if people want to pay money back and don't want to borrow money from them. They won't make their profits, at least at the rate at which they are used to making them. The dotted line in Figure 1.7 shows credit card borrowings – it rises even as mortgages go down. So even though people are paying more interest,

FIGURE 1.7 Debt added annually by sector, United States, 1979–2012



Source: Analysis by author, US Federal Reserve 2013: Debt growth, borrowing and debt. D.2 Credit market Borrowing: latest figures January 2013.

borrowing is not being led by housing. This is a continuation of a trend that is talked down. There are endless stories about the end of the crisis. But in Figure 1.7 I don't think you can see it.

The repercussions of this are far and wide. Figure 1.8 shows the Parkhill flats in Sheffield, the most iconic buildings in the city that I come from. They are Grade II listed so they cannot be knocked down now. They are the ones that appear at the start of the *The Full Monty* (Cattaneo 1997), and in *Brassed Off* (Henman 1996), a great introduction to South Yorkshire and Sheffield. The graffiti, which you can't see, was by a young man who managed to spray it on while upside down as far as I can see: 'I love you will you marry me'. It was a young man who desperately wanted his girlfriend to marry him. This has become the iconic phrase used to try to sell the now refurbished flats, at least one now semi-privatized part of the blocks. But they are not selling particularly well and there are many, many of these blocks just overlooking Sheffield train station.

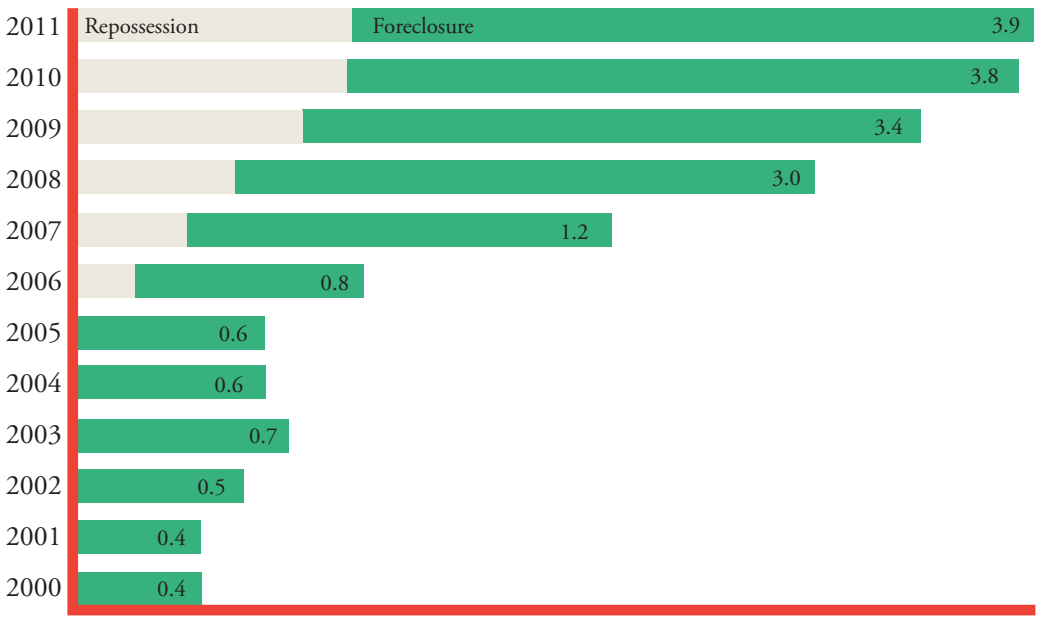
FIGURE 1.8 Parkhill Flats, Sheffield UK (photograph courtesy of Gemma Ford)

All over the country and in much of Europe you are seeing the same kind of thing happening. These flats are only two hours and 15 minutes away from the heart of London, but they can't be sold. House prices in the

north of England are going down; house prices in London are still shooting up. We used to have lots of arguments over the past 20 years about the north–south divide in the UK. We've stopped arguing now because the north–south divide is obvious, and it's obvious that it is widening.

Jump back again to consider the USA. Figure 1.9 shows the latest data I can get on mortgage foreclosures (Statistic Brain 2012), where repossessions are shown as the grey bars and are counted in millions per year. When the trend shown here first began, it was noticed and it was news. When the first neighbourhoods in Detroit became largely empty it was news. As it becomes normal, it stops being news but it isn't changing. It's not like when I began my research looking at the mini-slump in 1989 to 1991, that short-lived, difficult little bit of housing history, when if you could hang in your house for three years you'd be okay. Back then, the newspaper headlines were all about couples who had just split up and they were stuck living in the same

FIGURE 1.9 Repossessions and foreclosures in the United States, 2000–2011 (millions)



Source: Statistic Brain (2012) Home Foreclosures, http://www.statisticbrain.com/home-foreclosure-statistics/ relying in turn on data released by RealtyTrac, the Federal Reserve, and Equifax 15th October.

house for a few years. The stories that you occasionally get in the papers now are about couples who have split up stuck in the same bedroom in London – they are renting the second bedroom to a lodger who is helping them pay the inflated mortgage. It's a widening crisis, but now normality is crisis. It's a long, slow crisis.

Figure 1.10 shows what was a squat in Sheffield but has been boarded up. Living in England today I often get a sense of foreboding. I think there's a sense that we are not going to get out of this mess back to where we were before – just board up the squats and hope that what used to be normality returns – but I'd be very interested to know what others think.

FIGURE 1.10 Boarded up housing used as a squat, Sheffield, UK (photograph courtesy of Gemma Ford)

I have been reading the Irish papers quite a lot recently, for obvious reasons. I'm not going to say too much about Ireland, but the sense of foreboding and not knowing what's going to happen is widespread. It's not just in places that are in a completely dire situation like Greece, or in Portugal; it is right across Europe, apart from right at the heart of Germany where they're very angry because people are coming in from outside Germany and buying property because they think it's a safe 'investment', and the prices are going up in Munich. The sense of not knowing where we're going is widespread and I think is a more pervasive fear, or fear for the future: particularly where people have invested in property for the future, because they think they might not have a

pension, it's much more of an issue – a sense that this might all be madness has seeped into our collective consciousness.

One place where I don't see this sense, or where it's almost been played through and come out the other side, is Japan. In a way Japan is the most interesting to look at of all the rich countries of the world. It has lived with two decades of lost growth, with house prices peaking a long, long time ago in Tokyo. There are other things that have peaked. The number of cars sold in Japan has gone down every year for 20 years. And Japan is coming out of a time of mass over-consumption. The world hasn't ended in Japan, and I think we could learn a lot by looking at Japan for what happens next. And not to think about it as two lost decades – which is the way the Japanese economy is often talked about – but as two decades that can teach something to people who desperately want to get back to where they were before, because where they were before may be unlikely to happen, let alone whether it would be a particularly good thing to get back there.

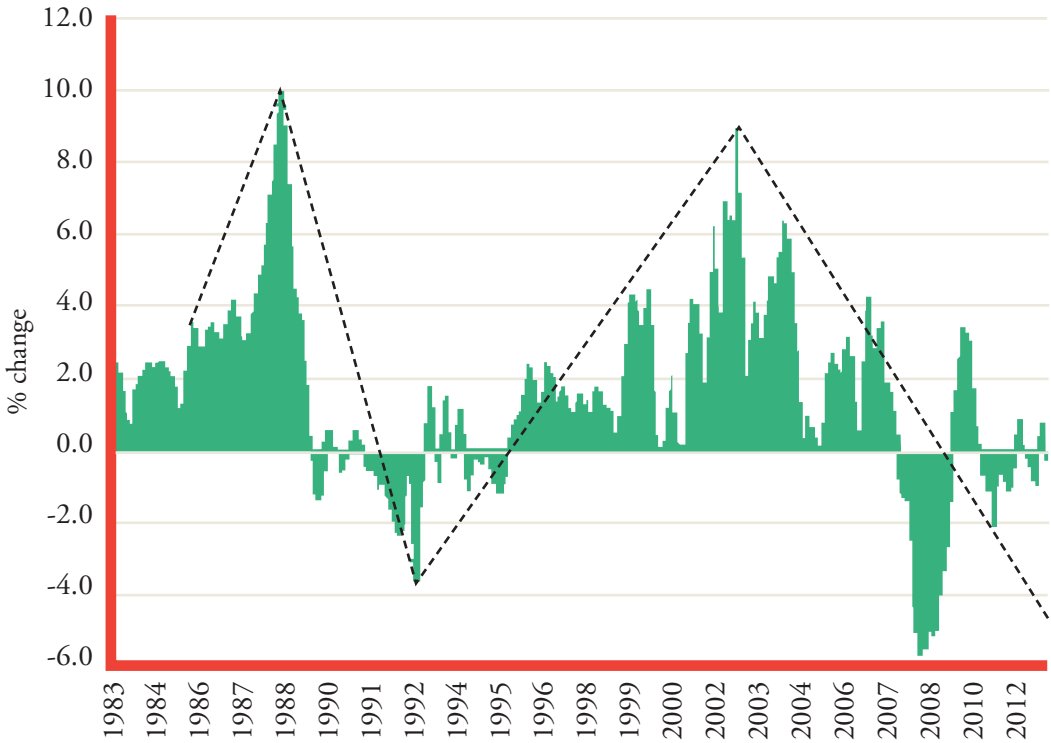
Markets are like casinos. If you could predict what would happen with markets you'd make a lot of money. Maybe a few people can predict. If you look at the *Sunday Times* rich-list (*Sunday Times* 2013) you can guess who may be good or not so good at predicting. The interesting thing about this rich-list is how much movement there's been at the top of it. So clearly if somebody was good at predicting a few years ago, they're not that good now.

Figure 1.11 shows the three-month on three-month movement in house prices for the UK since 1983 (Lloyds Bank 2013), and in hindsight you can draw a broken line that says that we had that peak in 1989, prices came down to a minimum in 1992, and rose again with acceleration to a peak in 2002. The broken line I have added I call the Danny Blanchflower line. Danny Blanchflower is an economist who was on the monetary policy committee of the Bank of England and who says that the housing stock in the UK is still over-valued by 30%. Other people, when talking about what will follow the crash of 2008, draw a little broken line upwards. Nobody knows. That's the lottery of where we're currently going.

Financial insecurity and ill health

There is a large and growing body of evidence that this kind of insecurity is having a very bad effect on people's health. One of the saddest outcomes is the rise in suicides across many parts of Europe, including

FIGURE 1.11 House prices in the UK, 1983–2013 (Lloyds Bank 2013)



Source: The Halifax House Price Index, All Buyers, Seasonally Adjusted Data, Analysis by author, trends added

Ireland and the UK (Scowcroft 2013). The rise in suicides with the crash in the Asian markets happened earlier. The rise often happens just before the crash and before the full implications come through, but with people feeling insecure about their future. But that is the smallest health effect of the financial crisis, although tragic for the people involved. A much wider effect has been measured in the United States (Stuckler and Basu 2013) whereby the rate of housing repossessions and defaulting has been found to be a good direct predictor of increasing numbers of people turning up in accident and emergency units – a force that generally makes the health of the population at large worse, levels of stress higher, anxiety worse in general, to the point reached in 2008 where life expectancy in the United States fell for the first time since the Second World War.

Something very strange, and certainly unpredicted, has happened in England and Wales in the past 18 months. People like me who look at health inequalities expected these to widen during this period, and we expected young people to be badly affected because of the lack of jobs, with the biggest casualties of the crash not being people being laid off from work but youngsters never getting appointed to that first job. That's a generation that has really lost out. But we haven't yet seen a rise there in accidents and overdoses.

What we have seen has been a massive rise in mortality in England and Wales in the past 18 months – an extra 1,000 deaths a week, every week on average – and because we weren't expecting it, it has taken us some time to notice it, particularly because of the group it's occurred in – almost all over the age of 85, and mostly women (West 2013). The very elderly are not a group that health inequality researchers particularly concentrate on, since you don't expect people over 85 to live very long, but in England since 2011 they're dying earlier. It has now been going on so long that we know it was not caused by those particularly cold winters, or a flu epidemic, and the clue is that the rise is more among women than among men.

One of the many differences between women and men over the age of 85 is that women are much more likely to be on their own, because men die on average five years earlier. It's beginning to look like a distinct possibility that these women on their own, often in care homes or nursing homes, are being affected by the crisis – by not getting the services people of that age recently got so readily, but maybe also by a sense of foreboding over what is occurring. Southern Cross, the largest provider of care homes in Britain, looked as if it was going bust during this period. People in very old age were going to be made homeless. I think much more attention needs to be paid to what's happening to the very elderly, and it may be in the statistics that relate to the very elderly that we begin to see some of the first signs of some of the worst health effects of austerity.

This requires a caveat. As yet there's no proof of a direct link to austerity and the immediate after-effects of the crash, but it's worth looking at. The other reason for mentioning this now is that there was a dramatic drop in mortality among the elderly, in 1946, 1947 and 1948 – just before the NHS and better pensions came in, but when people knew they were coming in and this made it easier to think that you were not going to be a burden on your family, that you were going to be looked after.

The suicide rate among elderly people in Britain fell dramatically just before the NHS came in. In a sense we may now be in an opposite period, of looking at things like the welfare state disappearing. It's a very pessimistic period if you are that age. The effects of cuts in services for the very elderly are potentially very bad. Protecting pensions does not help greatly if an elderly woman has to ask her housing officer if there is somewhere for her to sleep.

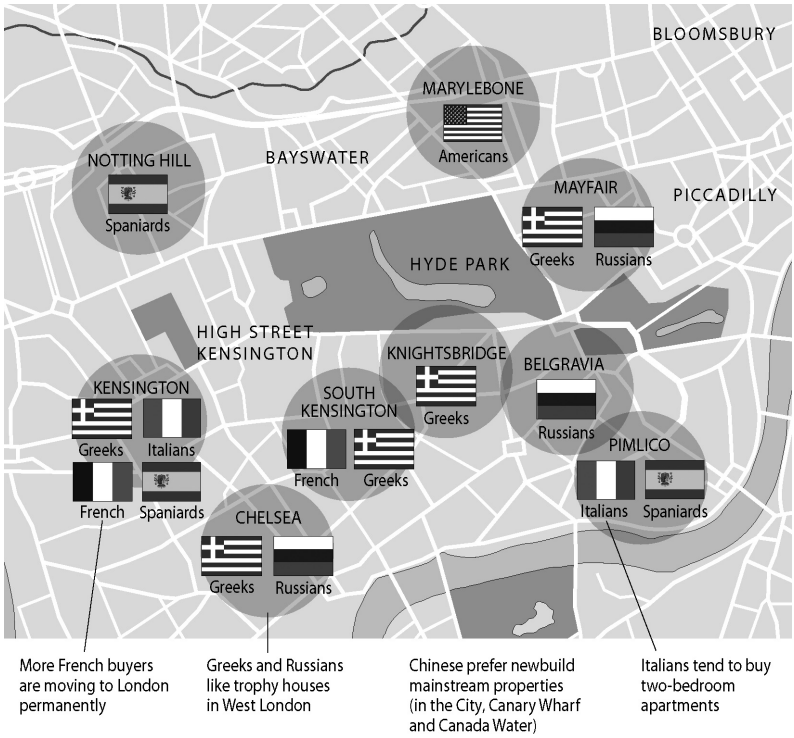
Inequality and the housing crisis

Underlying all these issues of the current crisis, underlying the kind of mess of housing that we're in, are other trends, and the big trend has been (in England – the rest of this chapter relates to England) rising income inequality. If you have the rich and the top 10 per cent getting better off, and the middle dropping slightly and the bottom dropping more, you're going to end up with a very polarized situation in housing. Fewer people will be in a situation where they are able to get a mortgage. And in one way we're seeing the repercussions of the rise in income inequality that began in 1978 or in 1979. It takes some time for it to work through. You can't have a well-housed population when you're progressively dividing people by how much money they have.

At the extremes, we are seeing the biggest rises in the cost of property in the heart of London. It's not just the borough of Kensington and Chelsea, where a two-bed flat will now cost you over a million pounds. It's rippled right across the capital and out into the south-east of England. Figure 1.12 is a map from the *Guardian* showing various nationalities of people coming in from abroad and supposedly buying a house as a kind of safe investment (Kollewe and Neate 2012). Much of the buying is by people who must be thinking it is safe to spend an enormous amount of money or borrow an enormous amount of money to buy a house because the prices are going up each year.

The effect of rising housing prices in central London has become so extreme that although the overall population of London has gone up a lot in the past 10 years, the number of people living in Kensington and Chelsea has gone down. More housing is empty in the heart of London. Think about basic economics. The actual number of people that need to be housed is going down, but prices are going up. At some point the bubble has to burst. At some point it becomes ridiculous and unsustainable. While things like gold go down in value, and other 'safe havens for wealth' fall in value, the very rich are thinking that central

FIGURE 1.12 Prime Central London property locations and national preferences, 2012

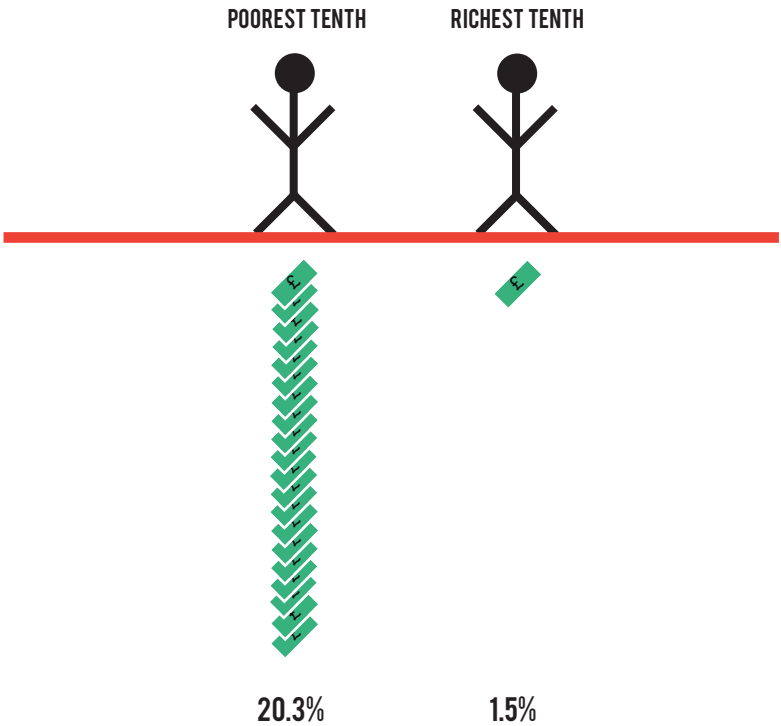


Source: Assessment of preferred neighbourhoods, super-rich by country of origin. Kollewe, J. and Neate, R. (2012) London property offers stable investment for wealthy Europeans, The Guardian, 1st June.

London may be a safe place for their money. But it makes it harder and harder to be well housed. The effects spread far out of London.

Oxfam has done some research on the differential effects of the public spending cuts (Figure 1.13) that have already been announced but that will not all be rolled out in the UK until 2016 (Haddad 2012). Its finding is that the poorest 10% of the population will lose 20.3% of their income but the richest decile will lose only 1.5% of theirs. That kind of distribution of suffering, of not being all in it together, I think, almost encourages the bubble to continue. It encourages those prices at the top, where the majority of people who are well paid live in England, to continue rising until the point when they burst. All bubbles do eventually burst.

FIGURE 1.13 Percentage of income lost as a result of spending cuts



Source: Oxfam (2012, p.24) The Perfect Storm: Economic stagnation, the rising cost of living, public spending cuts, and the impact of UK poverty, Oxford: Oxfam.

Policy proposals

I'm going to make some suggestions. Suggestions, I think, have to be very plain and specific nowadays. We really need to think of housing again as a way in which we feel safe about where we are: not as a source of investment or a pension or something that can be used for profit, but instead as primarily a source of shelter.

The biggest difference between the 1930s and now is that we have enough housing. In the 1930s we still had rookeries. We still had people living in absolutely appalling conditions of overcrowding. We have enough housing now almost everywhere in the rich world – even in London. In London there are more bedrooms than there are people. We counted bedrooms in the last census. Think about it again: there

are more bedrooms than there are people. Even if nobody wanted to sleep in the same bed as anyone else in London, everybody could have a bed. In England there are two bedrooms for every person. This is where I differ from some of my colleagues who say we really need to build more housing. I think we do need to build more housing if more people keep on coming in. Immigration is almost always good news; it is high in the south-east of England, because of the English language. Where do young Europeans look first when there are no jobs at home but where their second language is spoken? More migrants means a need for more housing. But the English don't need to build more housing for the people who are here. We need to make better use of it and share it out better. We certainly need less empty housing.

My preference for how we could better share out housing would pay homage to the inventor of the council tax, which came in when the poll tax failed. The council tax had bands of A, B, C, D, E, F, G, H – they left the rest of the alphabet out. This is great because you can add council tax bands relatively easily. You only have to go to N at the moment and you get to the most expensive mansion, if you double the value of the band at every increment, and you've still got the rest of the letters to use should there be more inflation in some areas.

It wouldn't be impossible in a crisis situation, say a triple-dip recession with no sign of things getting better, to reform the council tax to (in effect) include a mansion tax, and to tax people on the value and worth of their land and their houses. This would have very little effect on 95% of the population, a small effect on the 4% above the 95%, and would only hurt the top 1%. Within that 1% it would hurt those at the top most and those at the bottom least. The 1% are the most divided group within British society. And I am very interested in what is happening in Ireland over the potential for property taxes rising. It is claimed in England that it is almost impossible to register property that has not been sold, that we can't actually work out who owns what if they haven't sold it in the past 15 years. The faster Ireland registers its property, the more it gives the lie to that statement for England. I think land value taxation is the most important long-term solution to this housing problem, discouraging people from holding houses that they do not need and holding land empty that they do not need, and reducing taxes on people who use housing very efficiently. Enhance property taxation enough and you could reduce some taxes on jobs.

My next suggestion relates to the fact that in all four countries of the United Kingdom we have different versions of what I call 'the right

to sell'. These rights were introduced by the Labour government but were hardly taken up at all. I think about 600 households took them up in England. You have a right, when you can't pay your mortgage any more, to stay in your house and become a tenant, and in effect to sell your house to a housing association rather than be evicted. I think if you look at the mass evictions that have taken place in the United States, the damage that is done by not having a right to sell as a mortgagee is massive. The right to sell mirrors the right to buy so that hard-working families with children can stay in their house. I think it could become more popular.

Next we need to do something about second homes, about holiday homes, about empty commercial property, and to discourage waste in general. The main policy that has been enacted since 6 April 2013 has been a tax on bedrooms for people in social housing in England. The tax has been levied on that part of the housing system that is most efficient. Where people are most closely housed, most crowded already, is in the social housing sector. So this is an unnecessary act. It will not have the effect it's supposed to have. As I said before, we have enough rooms. There are enough rooms for households to have a spare room but just not enough for one or two people to have six beds and be rattling around on their own, nor for second or third homes. I'm not saying that nobody should have a second or third home but that people should pay enough taxes if they do, to represent how much they really value doing that.

I said before that the building of new housing is really only necessary, even in the face of all the households already established in the south-east of England, if more people come in who need to be housed. We could do awful lot of knocking two small terrace houses into one – that is much more sensible than rebuilding. But there remains the much greater problem, which is the growing inequality in society between the rich and the poor. Ultimately that is only addressed if benefits rise faster than wages at the bottom. Otherwise there will always be people who will find being housed incredibly difficult. And wages need to rise faster. Weekly-paid people need to see their incomes rise a little faster than salaries. Salaries need to go up more than house prices. Salaries can drop as long as house prices drop – just not as much as house prices drop. And rents need to stay still if not fall. If salaries at the top were to stop rising, the savings made would pay for wage and benefit rises many times over.

It varies from place to place, but often the average rent in England is twice what you could pay for a mortgage. Where rents are high, you

need to control rent again. Rather than saying that people's housing benefit will be stopped and they'll be evicted unless landlords can find somebody who can pay the rent, we do need to think about bringing rent controls in again. Cities like Vienna have rent control. Rent controls are a normal thing in much of Europe.

We need to look closely at what is happening and not accept it as the new normal. More and more people can't have holidays. Having an annual holiday should be normal. You might not all be able to get a job, if you want to get a job, but you should at least expect to eat a decent amount of food and expect to be housed. There are certain minimums that need to be guaranteed in the richest countries of the world. Full employment is a realistic goal, but we only ever achieved it when we had a far more even distribution of incomes; it then costs less in wages and salaries than our current system of very partial employment.

A very English comment next, almost to end on. Squatting has been criminalized again recently in England. Squatting, I think, should go back to the legal basis that if you are not squatting for gain, but because it is the only way you can get yourself housed anywhere where there is a chance of getting a job, it shouldn't be a criminal offence. What should be a criminal offence is the actions of landlords who are now renting out garden sheds across the whole of London, illegally, because this is substandard accommodation. You are only going to stop people behaving in that way if you make it a criminal rather than a civil offence. What I am presenting to you in total is obviously a big wish list, but when you are in a crisis like this you need to think about how you change things fundamentally because the current way is not working.

Lastly, housing is all about the long term. Housing lives for longer than people. Most housing lives for at least 150 years. If you throw in a couple of repairs, fixing the wall ties that rust, housing can be made to last for 200 to 250 years in an area without earthquakes. Your housing policies are long-term policies. It's not a short-term thing. Figure 1.14 shows part of that long-term policy. The housing that you see in this image was not built to house the woman who is pushing the pram across the street now, but it was built in such a way that it can house a completely different set of people in that street in Sheffield to the ones that the factory bosses wanted to be housed there.

Housing is fundamental. It is what lies at the bottom of this crisis. Housing is one of the basic things that everybody needs and that

FIGURE 1.14 A street in Sheffield, UK (photograph courtesy of Gemma Ford)

policies can work out a way to guarantee. We can't make you all rich; we can't wake you up and give you the dream that you are all going to be living like millionaires. But we can say that you will all be decently housed, given that we have already got the stock built that is needed. Today I don't understand why it isn't possible to move towards these kinds of policies, unless you are trying to protect the equity interest of a small proportion of people who happen to own quite a lot of very expensive housing.