



HOUSING: FACING UP TO AN INTERGENERATIONAL CHALLENGE

ABSTRACT

This pre-election 2015 paper from Ekklesia sets out in brief the scale of the housing crisis in Britain today, its impact on the poorest and most vulnerable, and the fundamental imbalances of wealth and distribution that characterise the current homes market. We suggest that re-investing in the social and mutual housing sectors for a broad socioeconomic swathe of the population – rather than creating ghettos of need – is critical to a fresh approach. As a modest contribution to the range of multi-layered policies that will be required to fix the housing system for this and future generations, we focus on a specific proposal from Paul Lusk for an intergenerational housing cooperative, the case for which is mapped out in detail. We then go on to note the positive role churches can play in challenging the current negative approach to housing as a social good and investment, highlighting the need to move from approaches which target the excluded poor towards ones which challenge the processes and policies that produce exclusion itself.

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1. Why the housing system needs a radical rethink

Lack of affordable housing is fast becoming a dominant feature of life across Britain. As house prices spiral and wages are depressed, particularly in the southeast, many young people are finding it impossible to get a mortgage. In the meantime the cost of private rental accommodation is becoming increasingly prohibitive and insecure and absentee landlords are on the rise. The social rented sector is also under pressure as council estates are sold off, housing associations may be severely impacted if plans to extend the right-to-buy policy go ahead in England and Wales, and welfare changes such as the benefit cap and the 'bedroom tax' have a negative impact on rental income. At the same time, the number of families and individuals living in temporary accommodation is also growing and homelessness overall is at its highest recorded level.¹

The problems in the housing sector have a variety of causes that include the asset seeking over-investment of foreign corporations and oligarchs in the market (especially in London), an inflated housing market *per se*, a lack of new homes, a lack of commitment to building affordable housing, inflated land values exploited by cut-price developers (in Scotland and elsewhere)², and the impact of austerity economics and politics.

One key concern is a serious imbalance in provision, following on from a narrow obsession with home ownership that has dominated thinking about housing in Britain for the past 35 years. A sensible, sustainable housing policy – driven by targeted public investment, a renewed emphasis on mutualism, and working positively with private providers in ways that reduce asset dependence – would seek a housing market that represented a range of flexible, integrated choices across the social, private and social/mutual housing sectors. People have different needs, incomes and wishes at different stages in life. It needs to be much more possible for them to move from one part of the market to another – rather than to find themselves priced out, compelled to own in ways that increase private debt, or denied a social or mutual housing option that ought to be seen as beneficial for a wider socioeconomic range of people – not simply a ghetto for the poorest and most vulnerable (including many thousands of disabled people) as they are cut adrift from mainstream provision.

It is evident that fixing the housing system overall will require a large scale, multi-stranded programme: something that will involve dovetailing a number of different approaches, policies and partnerships. This need to be a programme with the scale and vision of the

¹ The Housing for Britain initiative, calling on all political parties to commit to tackling the housing crisis within a generation, has set out the issues of lack of affordable housing for an increasing number of people with coGENCY here: <http://homesforbritain.org.uk>

² See Shelter Scotland's analysis and advocacy on housing and homelessness challenges north of the border, including its campaign to reform the private rented sector: http://scotland.shelter.org.uk/get_involved/campaigning/make_renting_right

Olympics. It *can* be done. By contrast, vague pledges from political parties to building between 200,000 and 250,000 homes a year will not succeed in addressing root problems, or alleviating the housing crisis faced by many, if a high proportion of these new homes remain unaffordable and wind up feeding a distorted market fuelled by speculation. It is crucial that ‘big picture’ housing policy is linked with integrated health and social care, universalistic welfare policies, disability rights, major investment (including the infrastructure QE possibility raised by a range of radical political economists), land reform³, fresh consideration of Basic Income, and deliverable financial models that combat accumulation by a wealthy few.

In the third section of this paper, we mention the role that the churches can play in supporting social and co-operative housing initiatives as part of that larger picture. This is part of a wider need to extend and rethink ‘the social’ – community benefit and empowerment – in relation to housing. The Thatcher era ‘right to buy’ philosophy (which benefitted some, put others in financial peril, and left yet more stranded) resulted in the loss of an estimated 1.88 million council homes since 1980, with just 345,000 new ones being built. A primarily profit-driven approach has resulted in up to five million people on waiting lists and others stuck in low quality, insecure units. As part of a re-invested, re-balanced and replacement-conscious housing market, the concept and reality of public housing needs to be reinvented and reconceived for the twenty-first century.

In the next section, practical housing expert Paul Lusk identifies one approach that may assist with the problem of the inflated housing market. It is particularly aimed at the homeowner end of the spectrum (where there are serious problems accruing, not least for the young and elderly). It focuses on England⁴ and on intergenerational opportunities to open up housing possibilities and do something different. It represents a creative way of trying to break through house price increases, particularly in helping to reduce buy-to-let and allowing room for some more social housing. We need to think specifically in the area of housing, and look at how new approaches can stimulate fresh thinking about the sector as a whole. (*Simon Barrow, Virginia Moffatt*).

2. A proposal for an intergenerational housing co-operative

(a) Where we are now

Fifty years ago, there were 16.5 million homes in Britain to serve a population of 51.3 million people – one home for every 3.1 people. At the start of the present decade, there were 26.5 million homes to serve a population of 61 million – one home for every 2.3

³ See Ekklesia’s submission to the Land Reform Review Group in Scotland:
<http://www.ekkleisia.co.uk/landreformscotland>

⁴ Shelter provides high quality analysis and advocacy around housing and homelessness problems in England:
<http://england.shelter.org.uk>

people. Fifty years ago, the average house price, at just over £2000⁵, was about three times the annual wage of a male industrial worker. In 2014, at about £176,000⁶, it is about six times average annual salary. The most substantial price growth took place after the fall in interest rates in 1992/1993. At this point the ratio of house prices to annual salary was about 4, and the occupancy ratio (people per home) was about 2.4.

From 1993 to 2007, average house prices grew at a staggering 20 per cent per year, in a period when Bank of England lending rates hovered around 6 per cent, about half the levels in the previous two decades. With tax-free capital gain running at three times the cost of money, and loans readily available, borrowing the largest possible sum against the 'value' of housing became a no-brainer.

We are now in radically different times. A return to large-scale affordability would require the value of housing to fall by perhaps 30 per cent, which even if possible, would probably be politically and economically so damaging as to be unthinkable except over a very long term. Pumping more spending power into buyers' pockets would be to repeat the mistakes of the past. Mass subsidy of housing on the supply side is enormously costly. There is a need for imaginative new solutions to rebalance the housing market, i.e. to re-align demand and supply in a context where the post-war mix of welfare and market intervention (while having many positive effects) now leaves us with a broken housing market.

(b) Where we are going – need and opportunity

The Holmans report⁷ estimates a need for an additional 4.4 million homes in England in the period from 2011 to 2031. However the report also notes a significant change in the main driver of underlying demand for additional housing up to the 1990s – falling household size. The rise in the proportion of single person households appears to have stopped – the 2011 census shows almost a million fewer such households than previous trends projected. Cautiously, Holmans allows for the proportion of single person households to rise only slightly from its current level of 30 per cent of all households. The occupancy ratio – the average number of people served by each home in the stock – falls on Holmans' projections, but by less than has been expected hitherto. Holmans allows for 26.593 million households in England for a 2031 population expected to be 60.4 million, an average household size of 2.27 compared with about 2.3 today.

Of the 4.4 million additional household projected by Holmans, the majority – about 2.7 million – have a household reference person (HRP) over 65 years, compared with about one million with an HRP aged 44 years or less.

⁵ Nationwide house price index: Q1 1960 average UK house price was £2189. According to a Parliamentary answer on 29th November 1960, the average weekly wage of a male manual industrial worker in that year was £14/2s/1d equalling just over £730 p.a.

⁶ Nationwide house price index, unadjusted average for January 2014

⁷ 'New estimates of housing demand and need in England, 2011 to 2031' by Alan Holmans, TCPA, 2013

This large growth in older-person households presents, I suggest, **a historic opportunity to rebalance the housing market**, as well as a challenge in terms of design, planning and market management.

(c) Housing the 'Please Please Me' generation: a co-operative approach

The 2011 census shows 4.5 million households where all members are aged over 65.⁸ Of these, over 3m (67per cent) are debt-free homeowners, and a further 20 per cent rented social housing. Single person households aged 65+ comprise 40 per cent of all single person households. Of single people in this age group, 43 per cent have three or more bedrooms (compared with 31per cent among younger single person households). Of families all aged 65+, 67 per cent have 3 or more bedrooms⁹. A recent report from Demos¹⁰ suggests that more than half of older people (aged 60+) would consider moving to a smaller home if a suitable property were available, and of these, more than three quarters have three or more bedrooms. Demos suggest that £400 billion of 'housing wealth' is available to over-60s who are open to moving.

So why do they not move? Based on survey evidence and reports from suppliers, Demos suggests that a shortage of available choices is a main, though not the only, factor. The disruption of selling and moving and reluctance to give up ownership of property are others. We provide too little 'retirement housing' especially for sale, and there are two obstacles identified by Demos. One is that potential buyers need to see and experience the product before being confident of moving, making this form of development impossible to sell 'off-plan'. The other major obstacle is planning: local authorities are wary of the impact on care and medical services, with for example one major provider reporting that two thirds of its development proceeds only after appeal against the planning authority's first response. On 7 February 2014 *Inside Housing's* front page story was 'Councils resist retirement housing', citing numerous cases of projects in the south east being 'turned down by planners due to fears about the strain they will place on council care budgets.'

This story was accompanied by a vivid picture: a traffic light shows red over a graphic of a pedestrian bent over a Zimmer frame. This highlights a stereotypical view of 'retirement housing' as being for people with physical care needs. In fact, there were 415,000 people over 65 in England using home-based care in 2011/12¹¹ - under 5 per cent of the total population (of over 8.5 million) in the age group (the number in residential care was just under 170,000¹²). What the over-65 home buyer or tenant seeks is *not* a 'care home' or

⁸ Table DC4101EW, Nomis, released 27.9.13. This is not the same as households where the hrp is over 65, since the latter includes households where some residents are younger.

⁹ Table DC1402EW, Nomis, released 7.9.13

¹⁰ 'The top of the ladder' by Claudia Wood, Demos, 2013

¹¹ ONS Community Care statistics, Social services activity, England, final release February 2013, table 3.1

¹² As above, P.56

‘sheltered housing’_but an active, choice-rich lifestyle which caters for the *risk* of needing care, especially in the final year of life.

The generation now entering its late sixties is the generation that spent its pocket money on *Please Please Me*. It is the wealthiest, healthiest mass generation ever seen. What is the housing model that will fit what might be called ‘Generation *Please Please Me*’? Downsizing is possible, but it needs access to storage, guest accommodation and leisure activity. There is care available, but most residents will not need it most of the time. There is management available, especially to help with making moving as easy as possible, transitions between levels of care needs, arranging guest accommodation and dealing with turnover. There is good security as some residents will spend time travelling. Many residents continue to work, often from home.

Building for this generation has the following attractions:

- Releasing large numbers of family homes
- Building for people with spending power – making use of surplus housing equity
- Preparing the housing stock for future needs, catering not just for the current generation but for the future growing proportion of smaller, older households
- Good quality home based care with integrated housing and care management, with potential to reduce demands on health and emergency services

The design and management of this housing is ideally suited to a co-operative type of arrangement. Housing co-operatives, with prospective residents at their core but in partnership with investors and developers, could identify sites, negotiate with planners, guarantee capital from housing wealth, design new neighbourhoods, and share in the management of community facilities, care and oversight¹³.

(d) Developing the right investment vehicle

Although the *Please Please Me* generation has substantial housing wealth, it is not liquid. Turnover in the housing market is low by historic standards. There are over 800,000 homes for sale on Rightmove; it is generally easier to sell smaller, cheaper properties; many buyers are buy-to-let investors who, with the best will in the world, are amateur landlords without incentives to offer long-term homes or to invest in a rental product. Potential users of larger and more expensive homes lack purchasing power. The market may be overpriced, but that does not mean that home owners aged 65+ will reduce prices and sacrifice equity when they have nothing compelling a move from a well-loved home that they own outright; and low interest rates mean paltry returns on liquid capital.

¹³ Co-operative enterprise created the building society movement and garden cities. Housing co-operatives are an established form of large scale housing provision in many parts of the world but have been somewhat marginalised in Britain, squeezed by the rise of state housing and owner-occupation.

I propose therefore that the investment vehicle that develops the co-operatively-owned neighbourhoods should also have the capacity to take ownership of the homes released by members, and rent these at market rates to new tenants. The flow of cash from rentals would form the core of the funding of the new-build. The capital tied up in the original home would remain in the ownership of the member so that it is part of the estate to be bequeathed to inheritors. The family capital therefore remains secure, linked to the value of housing. The co-operative home then becomes available for re-occupation by a new member, whose existing home is contributed back into the pool¹⁴. This model offers a form of inter-generational exchange of housing value. The tenants of family housing released by new-build would have membership rights in the co-operative. The capital for projects would probably take the form of negotiable bonds from investors who may also have rights as partners in projects. A short term for this concept is IG-MAX, for 'intergenerational mutual accommodation exchange.'¹⁵

IG-Max developments should not of course be a 'monoculture' of better-off older people. Social housing tenants should also join, perhaps using equity endowments financed by the public sector in return for releasing family housing. Developments will probably be nested into more diverse communities.

(e) Towards a different conversation

At this point I would urge that we open up a wider conversation, drawing on the experience of 'extra care' models, tackling the prejudices about 'retirement' housing, and engaging the *Please Please Me* generation in a serious discussion about how the housing wealth and expertise they have accumulated can now endow, not just their own prospects, but those of future generations. *(Paul Lusk)*

3. Demonstrating good faith in housing

Ekklesia is a think-tank resourced by creative Christian thinking and action in partnership with innovative ideas from people of other beliefs and backgrounds. It seeks to look at the contribution committed, ground-up communities with moral purpose can make to re-shaping the way we address wider societal challenges. That evidently includes the churches on these islands. Our larger project is to look at how the various assets held by the churches in Britain and Ireland might be imaginatively re-organised, re-managed and re-deployed to achieve two main things. The first is investment in *actively doing good* with the economic

¹⁴ Financially, in current circumstances, this would be likely to work in the London rental market, with new build on lower value land in the southeast, perhaps in Kent.

¹⁵ The Intergenerational Foundation has done valuable work in this area. Its report, *Hoarding of Housing: the intergenerational crisis in the housing market* (19 October 2011) is acknowledged here part of the inspiration for IG-Max. However to stigmatise the older generation as 'hoarders' of housing is to mischaracterise the problem in a way not helpful to mature discussion.

levers and resources they have at their disposal (rather than simply following the market, with some qualifying 'ethical concerns' directed at companies and activities that do not have public and environmental benefit as their first and guiding aim). The second, correlative to this, is matching Christian social rhetoric ('bias to the poor', 'common good', and so on) with the use of assets in such a way as to address the gospel challenge that "where your treasure is, there is your heart also" (Matthew 6.21).¹⁶

In this context, it is Ekklesia's conviction that the churches must stand firm on the importance of housing as a social good and necessity, starting with the needs of the most vulnerable and extending towards a wider redistribution of provision and choice. That goes in tandem with putting resources and policies where their convictions are. Ekklesia will be saying and doing more about this issue when the dust settles on the 2015 General Election. But as we observed in 2013¹⁷: "The English Churches Housing Group, for example, is one of the country's largest housing associations, providing homes for more than 18,000 people. This gives the church a chance to fight back – as other bodies in the sector are already demonstrating."¹⁸

"Knowsley Housing Trust has reclassified nearly 600 family homes as "smaller properties", and has dropped the number of bedrooms they are deemed to have. This will exempt tenants from having their housing benefit reduced.

"As the Archbishop of Canterbury has stressed, the church should also look at the longer-term action that it might take. As local authorities are finding, the 'bedroom tax' is almost unworkable. There simply are not enough smaller properties for tenants to downsize to, even if they did want to ditch their 'spare' bedroom.

"But, as Housing Justice's¹⁹ report *Faith in Affordable Housing* suggested²⁰, many churches own land and property, which includes under-used and redundant assets: this might be glebe land, flats, houses, church halls, and other premises. In some cases, they could become a source of income, as well as of social benefit. As many churches have found, it often helps to develop partnerships with housing associations, which have expertise that can help make things happen.

¹⁶ 'Where is the Church of England's heart invested?', Ekklesia research paper, 22 May 2009, revised with a new prologue 19 April 2011.

¹⁷ 'Church must stand firm on social housing', by Jonathan Bartley, Ekklesia, 28 October 2013. This article also appeared in the *Church Times* newspaper.

¹⁸ In Scotland, a focal point for church engagement is the Scottish Churches Housing Action group:

<http://www.churches-housing.org>

¹⁹ More on Housing Justice: <http://www.housingjustice.org.uk>

²⁰ The Faith in Affordable Housing report, process and projects can be accessed here: <http://www.fiah.org.uk>

The project "aims to encourage churches to release their surplus land and buildings for affordable housing. Our project workers bring together churches of all denominations, housing associations and local authorities to achieve its aim. The Faith in Affordable Housing guide was written with the specific aim to introduce those responsible for administering church-owned land or buildings when considering redevelopment options."

“This is a time to be both politically and practically subversive in the face of what [Anglican bishops and others have] rightly observed is a growing political consensus [on cuts to housing benefit and damaging welfare changes that hurt] the most vulnerable. In the face of such a negative consensus, new social housing could become a central [feature of] the churches' struggle to protect the poorest.”

It could also be a clear component of a wider shift towards mutualism, partnership and co-operation in the field of housing more widely. Following our interventions, the Archbishop of Canterbury made a pledge²¹ that his own church should help to meet the housing needs of the least well-off in society, because the government has withdrawn resources directly and indirectly from some of the most deprived areas as a result of its austerity drive. The follow-through on this has included positive correlative action on setting up, with the (Presbyterian) Church of Scotland, a mutual credit union.

As is often the case with the churches and other faith bodies, the Archbishop's housing need proposal was framed in terms of charity, but its true resonance is justice (what love does when it has to deal with power and corporate policy)²². The concern with meeting the needs of excluded people and communities is of course important, but the underlying purpose ought to be about ending all such exclusions by ensuring that housing as a basic right for all is developed in ways that embed it in social, environmental and economic policies tailored to those ends. As ever, going back to the Christian social thinking of R. H. Tawney and others, combatting inequality remains central. (*Simon Barrow, Jonathan Bartley*)

²¹ ‘Church can help house the poor, Archbishop of Canterbury Justin Welby promises’, Telegraph, 20 September 2013.

²² As St Augustine once put it, “charity is no substitute for justice withheld.” Voluntary, ameliorative effort is not to be despised, but it is addressing root causes of inequality and injustice that should frame a faithful Christian response.

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Now living in Birmingham, England, **Paul Lusk** has worked for over 30 years for government, cooperative, community and church groups on neighbourhood development, housing and regeneration. He runs a well-regarded consultancy and can be contacted via www.lusk.org.uk. This paper was produced for the Lyons review of social housing.

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ABOUT EKKLESIA

Founded in 2002, Ekklesia is a public policy think-tank that explores the changing nature of the relationship between politics and beliefs in a plural world. Committed to social justice, peacemaking, environmental sustainability and new economy, it seeks to combine transformative Christian thinking about public life with ideas and insights from a range of allies beyond the Christian tradition.

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24 April 2015

Published by Ekklesia (London and Edinburgh): 235 Shaftesbury Ave, London, WC2H 8EP. We can be contacted on 020 7836 3930. Website: www.ekklesia.co.uk