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Deconstructing the UK's housing speculation: finding a blueprint for a greener future in models of 'mutual housing'

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Abstract

This paper reflects on the patterns of 'speculative' growth that have typified the UK's recent housing market, and considers the role for collaborative and 'mutual' housing provisions to be in the vanguard of 'de-growth' initiatives. It looks at the opportunities intrinsic to Cohousing and other 'user-developed' housing to challenge some of the contemporary dynamics of the UK housing market, and raises suggestions for the 'mutual' initiatives that might carry this out.

In the context of the current concerns about the falling levels of new housing supply and the implications of this for future housing 'growth', the term *growth* needs careful unpacking. The common association of it in terms of an intrinsic relationship to the numbers of new dwellings produced, supposes its outcomes as positive and desirable all round – at the very least offering a certain benefit to those profiting from strong investment returns and to those being housed. Does this assumption still stand up? Questioning the desirability of growth as the ultimate aim of socio-technical systems in not a new idea. Already in the Seventies economists warned on the dangers and consequences of indefinite sustained growth in population, industrial production and resource consumption (Meadows 1972) and about the entropic limitations on the material output of the economic system, putting an emphasis on the enjoyment of life as the real output of the economic process (Georgescu-Roegen, N. 1971). This emphasis on enjoyment of life has been become central, more recently, to the French Decroissance project / movement, captured by the strap-line of French magazine La Decroissance: 'le journal de la joie de vivre' and is at the core of the growing field of happiness economics.

The Decroissance project makes a case for *sustainable* de-growth, defining this as an "equitable downscaling of production and consumption that increases human well-being and enhances ecological conditions at the local and global level, in the short and long term" (Schneider et al. 2010). Because of a substantial shift in the models, modes and patterns of production-consumption, towards smaller scale and less resource intensive activities, not measured in the Gross Domestic Product (GDP), a sustainable de-growth is likely to involve a contraction in GDP as it is currently defined and calculated.

As Uhlaner (1989) has argued, society rich in relational goods and services - e.g. one founded on people-centered values and relationships, rather than explicitly on commercial ones - would arguably have a lower GDP than a hypothetical society where inter-personal relations are solely mediated by ‘the market’. Maximising the growth of the nation’s GDP remains the fundamental economic status quo and its prevalent styles of financial planning of developed and developing countries, despite it being a rather crude indicator of the real welfare of a country (Easterlin, RA 1974; Waring, M. 1988). ‘GDP’ as a measurement of progress has in fact become an embodiment of the *disconnection* between prevailing growth-based capitalist economic models and wellbeing, happiness and environmental sustainability. Marilyn Waring, part of the feminist movement, in her book *If Women Counted: A New Feminist Economics* (Waring, M. 1988), made clear decades ago, that GDP does not value what is not exchanged in the market, like unpaid domestic work and voluntary work (Schneider et al. 2010). The sustainable de-growth movement places a strong emphasis on the non-monetary value of local, reciprocal services - such structural and qualitative changes would not necessarily be reflected in the GDP and it is possible to conceive socio-environmental improvements alongside a fall in GDP.

However, to avoid romanticising de-growth, we need to distinguish the sustainable de-growth transformations from unsustainable de-growth, in the shape of economic recession or depression, accompanied by a deterioration of the social conditions (like, for instance, a rise in unemployment and poverty). Moreover sustainable de-growth does not mean de-growth in every aspect, field or domain: certain key economic activities (e.g. renewable energies, sustainable transport infrastructure), and deprived areas may still need to grow, as mentioned in the Paris Declaration on De-growth (2008), but, wherever there is growth, its real cost will need to be accounted for, as simply externalising costs, is not sustainable. Making the case for going against the imperative of growth is not synonymous, however, with advocating the nostalgic return to a pre-industrial past. Sustainable de-growth is about constructing an alternative sustainable future. Technological and knowledge progress is not to be arrested under sustainable de-growth but redirected from quantity to better quality (Schneider et al. 2010, p.512) . The de-growth movement, together with the reduction of consumption and production, proposes as its prime objectives the making of institutions more democratic and the re-politicisation of the economy. Finally, de-growth should be ‘offered as a social choice, not imposed as an external imperative for environmental or other reasons’ (Schneider et al. 2010).

In terms of the UK’s housing market, this *disconnection* between capitalistic well-being and social well-being has been amply demonstrated by the clamouring to return to the housing market values of 2007, despite mounting concerns that the cost of UK housing was already becoming quite unsustainable, in all interpretations of that word. While the public rhetoric on ‘growth’ may have been that it was crucial to an underpinning of the wider economy, in reality 2007 was a time that was already demonstrating that the real ‘growth’ in the market was in the cost of its crucial elements: a rise in the cost of land, with conflicting views on the future availability of land supply; a rise in the cost of construction and house-building services, both in absolute terms to deliver the basic structures of buildings, and from an increase in the standards required of those buildings (like the Code for Sustainable Homes); and a rise in the final costs of the investment finance that had been too liberally bound up in unsustainable loans and other lending practices – the ‘crash’ of 2008 was not a surprise to the wisest of economic commentators, both in the UK and in the US, but warnings from voices like Robert Reich (2004) were largely ignored.

It is ironic that a common element of ‘growth’ within each of the dimensions referred to above, has been the extent to which benefit has *grown* from new supply *constraints* – i.e. that the relative demand for the constituent elements of housing supply over, and above the actual availability of new housing, have generated a phenomenal ‘growth’ in land and property prices at the point of sale, or through changing stipulations about loan availabilities – in other words, benefits that have clearly grown for land-owners, house-builders, and the lending sector. It is clear that the Barker report’s recommendations (2004) for a substantial raising of housing supply, in order to bring a greater competitive pressure to bear on the market and thereby help *lower* house prices, were extremely pertinent to the situation that was developing within the UK housing market, though its reputation has suffered from subsequent political calls to remove ‘top-down’ regional planning targets for housing delivery. Instead of any such increased supply, and a subsequent downwards adjustment of prices, other ‘speculative’ behaviours and supply-side ‘adjustments’ have been significantly reinforced by an almost subliminal tolerance for what kinds of agents and actions and costs are seen to be unavoidable, however much they rise, (e.g. a tolerance of building land sitting idle f the owners do not wish it ‘to come to the market’, or like the assumed automatic need for ‘developers’ to develop their roles as integral organisers of new development), and for what regulatory framework is considered appropriate for a ‘free’ market to operate without interference (at least at the current time of writing) – see Calcutt (2007) and Ball (2010) for perceptions of the need to lessen regulatory restraint on house-building activities. Such prevailing wider economic analysis of housing market conditions has gone hand-in-hand with the conventional interpretation of housing ‘growth’ as representing basically positive outcomes, for it encourages participation in the market in order to partake in its most highly valued results – i.e. in its development and ownership of property and the receipt of investment returns. The ‘growth’ in *exclusivity* or social division this might generate - between those households with the financial resources to meet their own needs into the future, and those households who have not – is treated as in all ‘free market’ scenarios, that is something unavoidable, with more unfortunate outcomes for some than for others, but not something that can be fundamentally changed.

Recent reports by the Joseph Rowntree Foundation (see Toom Woodin *et al,* 2010*,* Taylor, 2011) have suggested how a more comprehensive look at a shared community and ‘mutual’ ownership of social assets like housing and other local facilities has the potential to compensate for both a significantly reduced capacity within the public-sector, and the more apparent limitations in private sector delivery. The reports warn, however, that systematic and value-based approaches are needed to foster the establishment of such types of ownership, as well as overcome persistent barriers – barriers which (Rowlands, 2009) has identified as a lack of sustainable finance, a lack of coherent support structures and lack of sustainable political support And although the financial crisis of the past couple of years has exposed the fragility of a housing provision system firmly rooted in speculation, does the collapse or weakening of such system *automatically* create an opportunity for previously marginalised ways of producing housing - like 'mutual' approaches - to emerge more strongly and to find new, receptive, audiences? Some have argued that 'mutuality' promotes trust, enabling a community to tackle shared problems more effectively and that mutual responsibility, as opposite to consumer choice, is the ethical foundation of a strong democratic community (see, for instance, (Mulgan 1998; Etzioni 1988). Might current conditions be used as a stimulation towards 'mutual' provision – indeed, what might encourage people to engage in mutual activities and go beyond the self-interest, particularly when 'self-interest' has been associated with property speculation?

Mutual approaches will not be a panacea to solve all social and economic problems, but throughout their history it is evident how the constitution of mutual organisations is an act of agency, a proactive response to systemic inadequacies or injustices. Mutual models often imply choice, voluntary embarking, opting in etc. Feminist economist Marilyn Friedman stressed the importance of voluntary communities, where we choose to become part of and engage with, in contrast to those we belong to involuntarily, due to contingencies beyond our control (Friedman 1994).The case for mutuality has also been made from a number of disciplinary perspectives: from evolutionary biology (Ridley 1996), social psychology (Kraemer & Roberts 1996) and game theory (Brandenburger & Nalebuff 1997; Moore 1996), demonstrating how often cooperative and mutually beneficial (win-win) approaches are more efficient and effective than competitive ones (win lose). For others mutuality is attractive because it seems to reconcile a market economy with the promise of social cohesion and self-organisation, whilst rejecting the individualism and consumerism of the market and being an alternative to both the "paternalism of the public services" and the "privatism of the market" (Leadbetter et al. 1999). It is no surprise that in UK the concept and the benefits of 'mutual' organisations have been appropriated by the political discourse as a part of an argument to support neo-liberalist positions by both main political parties. The 'Blairite' Third Way rested on the concept of New Mutualism, as formulated by Peter Kellner (Peter Kellner 1998), whilst the more recent conservative and liberal democrat coalition government is promoting the rise of a Big Society, where the government is keen "to put more power and opportunity into people's hands" (2010), under the mantra of 'we're in this together'.

In acknowledging therefore, that UK housing 'growth' has been traditionally promoted as synonymous with the contemporary means for increased material returns – albeit in the stereotypically crude assessments of rises in property values or in income receipts - housing 'de-growth' will promote the kinds of provision that would prioritise alternative benefits, particularly 'mutual' ones, shared between people of similar political views. It should not be a surprise that various initiatives have been springing up in the UK in recent years that could be comfortably placed under the theoretical canopy of 'de-growth' - such as the 'Transition Towns' movement; the interest in creating eco-villages (and even some 'eco-towns'); and the rise of the 'social economy' in general – representing the latest in a long line of community-focused innovations stretching from savings societies, the Garden Cities, the New Town movement, and the 'plotlanders' land occupations, through to modern housing co-ops, Community Land Trusts, and 'intentional' Cohousing neighbourhoods. Fundamental to such approaches appear to be their rejection of an individualistic focus for the maximisation of personal gain - instead there is a clear promotion of cultivating *shared* advantages running through those initiatives, where personal interest is aligned with what can be established and operated for a more lasting common and collective benefit. Instances of mutuality within 'user provided' housing are moreover gaining a renewed momentum and strength – 'user provided' housing being an umbrella term for a range of 'community-organised' housing models such as self-build, self-procured or 'self-commissioned' arrangements'. Admittedly these models can be very different in scope, methods and aims, thereby leading to a degree of confusion and misunderstanding around 'user provided' housing and a general underestimation of its potential. A forthcoming report, jointly-produced by the University of Sheffield and the architectural practice Architecture 00:/, *We Will All Be Housebuilders*, (Alastair Parvin et al. 2011) provides a timely analysis of current 'user-provided' sector in the UK, along with ideas for the sector's future.

It does need to be acknowledged, however, that even 'mutual' housing initiatives will not be divorced from obstacles that could be legitimately understood as stemming from *class* differences still existent within UK society – 'class' being understood here at least in terms of groups having different material resources and interests, or varying access to professional and influential networks. The extent to which any 'mutual' proposals for new neighbourhoods featured within the Labour government's 'eco-town' ideas was drowned out by the resistance levelled against most of the potential locations by other sets of local 'interests': there was certainly little chance to give a more level-headed consideration to whether or not the planning and design of new neighbourhoods would represent the aspirations of the 'communities' that would come to live in them. And if new local housing 'trusts' are to be a key means of promoting new residential development, as currently being championed by the Coalition government, it will remain to be seen if they are accountable solely to those claiming a moral stewardship over existing places, or also to those looking to be part of a future community presence in such areas.

Certainly it is the case that 'local' community engagements with planning and housing provision are occupying a significant place in current government aspirations for how the nation's house-building practice might be increased. There is an almost naive hope that, in giving local communities more opportunities to engage with the formal systems, this will result in a broader support for significant levels of new housing production. What will be less clear is whether a deliberate 'mutual' quality to such provision will be a means to secure support from wider community interests or not, and thereby lead to the desired rise in new housing production. The government has instigated a new 'panel' made up of private and community sector housing representatives to consider over the next six months what could be done by 'mutual' and 'self-build' house-building initiatives to stimulate house-building activities. Yet even if such a quality was a passport to securing stronger support for future housing development from local people, the divisive and expensive elements of contemporary housing markets will not automatically disappear : so is there any particular capacity from the 'mutual' approach to housing provision that offers a reasonable check to the all-consuming practices of property speculation? And do any of the mutual 'models' offer a significant support to a momentum for 'de-growth'?

Field (2011, *in publication*) has argued that of three key examples of such 'models' – housing co-ops, Community Land Trusts (CLTs) and Cohousing – it is the last of these that has the greater capacity to challenge contemporary market values, as it is the one model that is serious about 'mutual ownership' in an ownership-dominated market. The potential range in the motivating and decision-making factors behind CLT schemes covers at one end CLT bodies whose development and ambitions are governed by the decision-making that stems from the households to be housed in CLT property, and at the other, bodies with what can be viewed as a "very modern, enlightened but nevertheless philanthropic attitude", whereby local interests secure local resources in order to build local affordable housing for local households in need – with a Management Board structure that is clearly comprised of local supporters, and not from the households themselves. To date, most CLT provision has been of the 'philanthropic' kind, more of an approach to provide new 'housing' that can fit with the fabric of each host community, than any specific approach to securing a change in wider market conditions.

Similarly, while ideas for supporting 'co-operative' organisations are undergoing something of a revival as a response to the wider economic uncertainties, not least in the housing world following the 2009 report to the Labour government of their "Commission for Mutual and Co-operative Housing", the thrust of housing co-operatives remains principally a focus on securing collective ownership or management of stock, in order to provide tenancies for affordable and sustainable rent. 'Cohousing' on the other hand, is a particular example of 'user-led' initiative, creating "neighbourhood developments that mix private and common dwellings to recreate a sense of community, while preserving a high degree of individual privacy", (Lietaert 2010), that has a fundamental acceptance of households *owning* property, within a jointly-managed neighbourhood structure that has the opportunity to prioritise the health and well-being of the whole neighbourhood, and not solely that of any ownership-household. At the recent Conference on Economic Degrowth for Ecological Sustainability and Social Equity, in Barcelona, Dick Vestbro presented a

‘Stirring Paper’ where he posed Collective Housing, cohousing, as a basis for sustainable lifestyles through the benefits of ‘saving by sharing’ and its potential role in changing lifestyles and patterns of consumption in the context of United States of America and Scandinavia (Vestbro 2010).

Therefore, to an extent that is not fundamental to the opportunities and values being promoted by housing co-operatives or Community land Trusts, there is a readiness of Cohousing projects to combine elements of personal ownership within other shared group structures, in order to maximise the subsequent living opportunities that can flow from a sustained combination of the members’ personal and financial resources. It offers a ‘mutual’ approach that does not bulk at personal return, though there is the opportunity for neighbourhoods still to set some limits against speculative returns at individual household level, and for strengthening the group’s identity. Neighbourhood projects in Denmark have deliberately set limits to the percentage increase of their property valuations that might be accrued by individual households, in order to establish common foundations from like-minded members who are not primarily motivated by speculative intent, and retain an affordable level of ownership into the future : it is a factor that UK projects will do well to review when they plan for how they might remain accessible and affordable to new members in the future.

What this means is that Cohousing’s readiness to entertain market ownership on its own terms, could offer both something of a challenge to the prevalent individualistic focus of the UK housing market, and a collective means to challenge the costs of the resources through which new housing has been delivered. Such Cohousing projects that have deliberate and willing ambitions to provide a mix of household tenures, such as the Threshold Centre in Dorset (see Heeks & Couzens, 2011) combining opportunities for rental occupation alongside ownership occupation, buck the trend to establish neighbourhoods that could maximise the highest possible value to all its individual properties. Such *inclusive* projects furthermore are a challenge to the spiral of development pressures founded upon an aggressive benchmarking of costs and returns against abstract ‘hope values’ of receipts from building solely ‘executive-style’ homes.

It is somewhat disappointing that this last point is not routinely recognised, nor is t yet an open door to securing help for plans for new ‘community-led’ developments. While UK examples of Cohousing neighbourhoods have begun to reap critical acclaim and awards, its characteristics and opportunities are still not sufficiently understood by authorities with critical housing and neighbourhood resources: the UK Cohousing Network has needed to challenge senior levels of the Homes and Community Agency on its assumption that Cohousing just represents neighbourhood development for the ‘affluent’. And while UK Cohousing developments have come from households pooling personal resources to acquire land on the open market, these represent isolated examples of collaborative success in securing such a basic resource. A constant complaint from groups with collaborative aspirations for housing and neighbourhood development – whether they have access to funding resources or not - is the sense of being outside conventional professional networks that routinely trade in land and property estate, along with the complaint that 'collaborative' aspirations are frequently treated with suspicion by the mainstream statutory bodies whose disciplines are familiar with planning *on behalf of* neighbourhoods, but less experienced with neighbourhoods planning on behalf of themselves*.*

What kinds of encouragements or arrangements could be instigated that could assist 'mutual'-based housing proposals to challenge the wider fascination with undertaking housing development on a speculative basis? In terms of acquiring land, one promotion that already features in the current Localism Bill, is that an element of local land assets can be given a new classification (and value) of having 'community interest', in order that community-led initiatives are not continually undermined by unaffordable open market land prices. A stronger support will be to encourage local planning bodies within local Development Framework documents to require that the planning and creation of new neighbourhoods has space allocated for collaborative or 'collective' endeavours – for example as parts of wider development areas subject to a wider 'master-planning' or in the 'design codes' for such developments. The opportunity for this to support community-led initiatives within large urban 'extensions' will be immediately apparent.

In terms of actual house-building arrangements, an encouragement to the planning and developing of larger areas through 'modular' spatial grids (with local infrastructure services being structured so as to permit an easy supply and management at a very neighbourhood-based level) would help resident-led initiatives to take hold of a piece of a wider development at a scale to which a mutual approach could manage house-building responsibilities with more comfort. And if the locally-commissioned route is to be promoted in the way that other 'sustainable' aspects of new development have been encouraged (through, for example, awards for aesthetic design, or use of 'eco'-materials), then why not instigate a new prize specifically for new neighbourhoods planned by their future residents – an award for a version of 'ethically sourced' planning, and 'ethically backed' delivery

In considering what kind of financial arrangements could be supportive of mutual and collaborative initiatives, access to mainstream development loan resources is crucial, albeit this needing to be on an affordable basis. Important here will be the £200m+ loan fund being secured by the Confederation of Co-operative Housing, to help support new mutual housing initiatives of all kinds (i.e. not solely 'co-operative' housing). The provision of accessible finance for mutual housing provision could also be supported further by a policy that increased the obligations of the finance sector to lend affordably to individual household members of mutual ownership initiatives.

Summary

The contrast highlighted above is how ‘mutuality’ in the housing sector might offer ways to challenge the overarching influence of speculation within the UK’s housing market. Understanding the extent to which ‘speculation’ has stimulated unsustainable ‘growth’ may be deflating, but it can also present opportunities to look at what new impetus can be given to old principles. A ‘blueprint’ for addressing such concerns has to be inventive in promoting roles for collective and collaborative housing. The wider housing and development sectors in turn have to recognise the lasting value of other community investments, beyond the short-termism and individualistic nature of an obsessive focus upon capital returns. The ‘mutual’ routes to housing and neighbourhood creation have their focus instead set on ‘social capital’ – it will be a vibrant future indeed if the green shoots of ‘growth’ are of this kind of capital, rather than yet more rises in housing prices, or stream-lined reductions in how new dwellings have been provided.

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