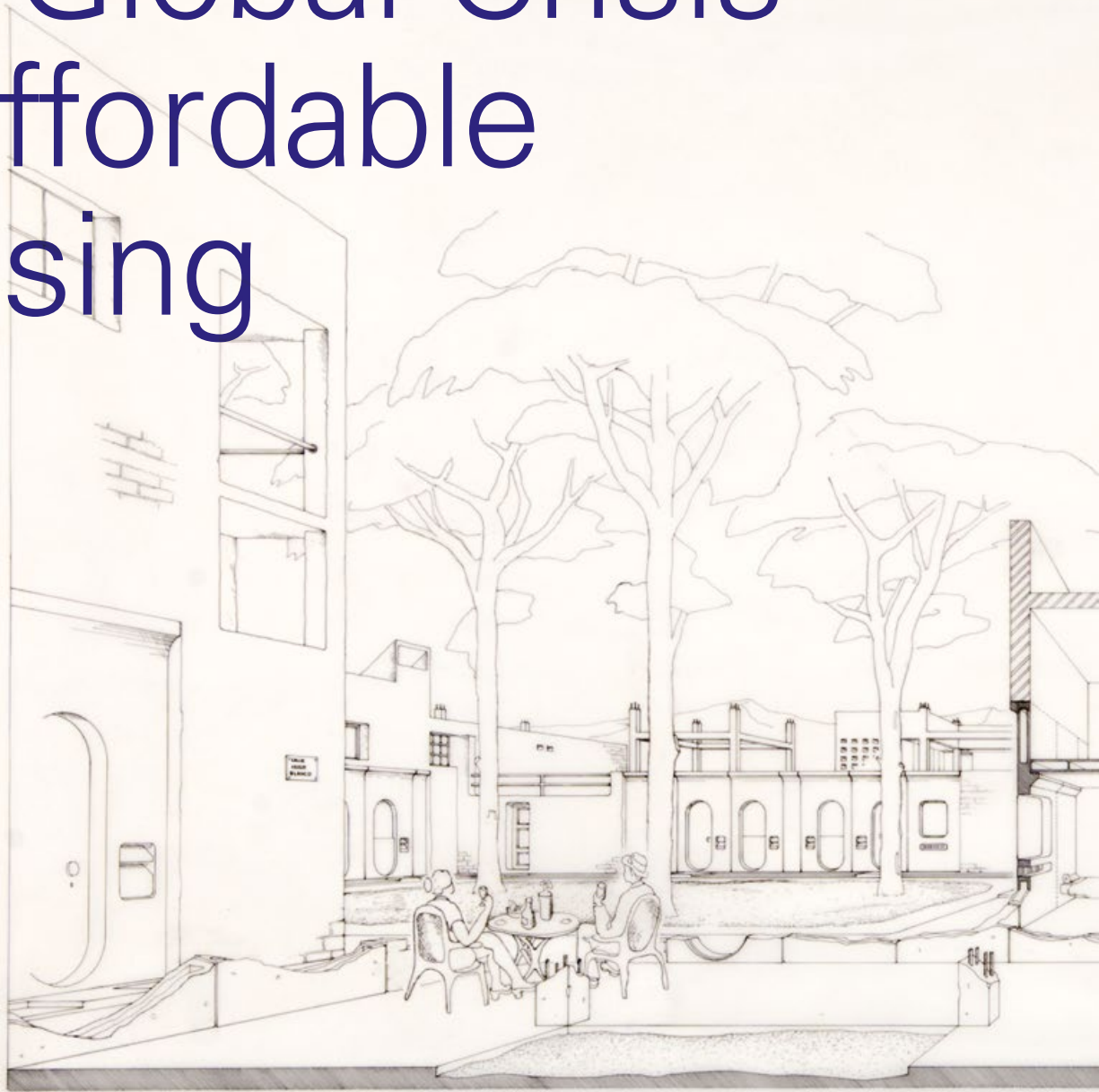


The Global Crisis of Affordable Housing



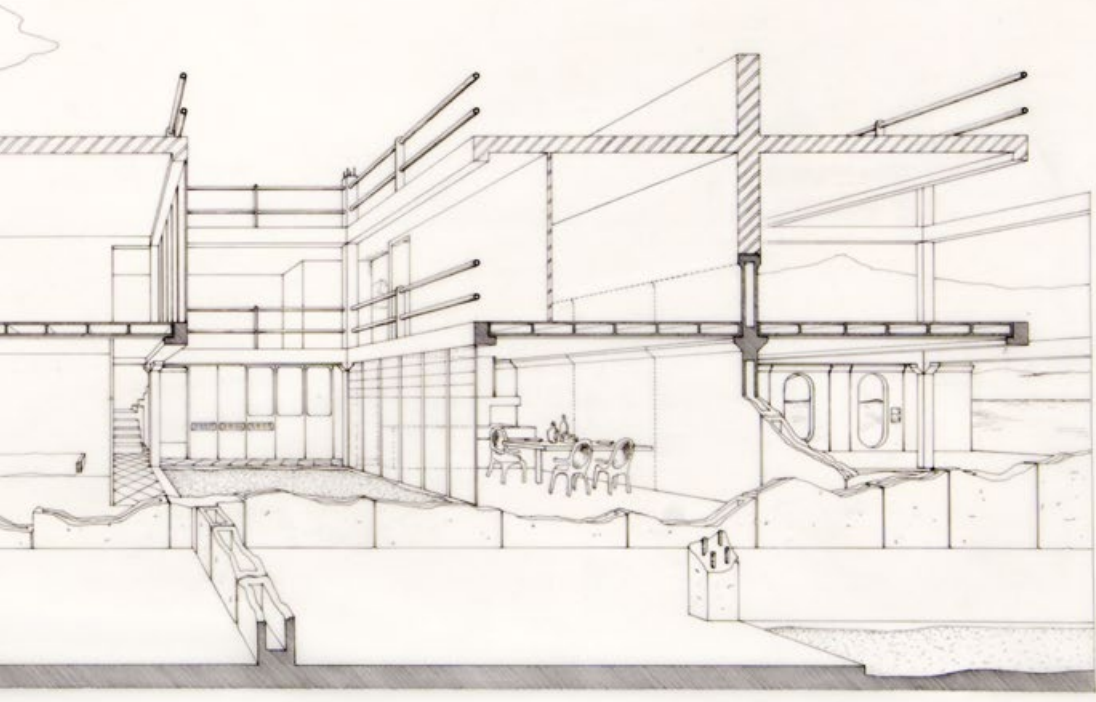
James Stirling,
PREVI housing,
Lima, Peru,
1968-73

Perspective drawing. Stirling's design epitomises the new spirit of human scale, technological innovation, community spaces and incremental building that would subsequently define the best affordable housing.

HORIZONTAL.
LIMA - PERU. HEVSIK. 1969

24
16"

Architecture Versus Neoliberalism



Profiteering from house prices has a lot to answer for. The treatment of housing as just another commodity – central to the neoliberalist approach – has caused untold misery for millions across the world in recent decades. **Robert Fishman**, urban historian and professor at the Taubman College of Architecture and Planning of the University of Michigan, analyses the sources of the current situation in Western countries and looks at how architects have responded to its challenges. He uncovers examples of outstanding creativity and social engagement.

This is the best of times and the worst of times for architecture's creative involvement with affordable housing. On the positive side, architects have over the last 40 years successfully partnered with community-based housing organisations to design and build landmark projects that combine human scale, outstanding design and affordability. Where the big bureaucracies that once dominated state-subsidised housing in Western countries had frequently marginalised architecture in favour of a single-minded quest to mass-produce the most units at the lowest cost, the smaller contemporary organisations have often welcomed architects as creative problem-solvers who could join them in transforming subsidised housing. Through these non-profit organisations, architects have gained the important experience of working directly with communities and developing expertise in such difficult areas as live-work facilities and housing for the formerly homeless or for people with disabilities. Affordable housing has thus emerged as one of the most creative areas of contemporary architecture, and one with the potential to redirect the profession towards more systematic social engagement.

Yet this is also the worst of times, as even the best projects have been marginalised by the massive scale of the global housing crisis. Affordable housing – usually defined in the US as decent and appropriate accommodation that costs no more than 30 per cent of a household's income – is threatened everywhere from the informal settlements of the developing world to the most advanced and prosperous global cities. What unites the housing crisis in both the developed and developing world is the global rise in inequality and the failure of governments to intervene effectively in housing markets. In the developed world the ideology of neoliberalism or 'market fundamentalism' has decimated government investment in new affordable housing construction and rolled back the supply of affordable units from the postwar 'social democratic' era. Central to neoliberalism is the assertion that housing is a commodity like any other, and that the capitalist market, if freed from regulation, can provide this commodity more efficiently than any government programme.¹

Eve Hill Flats,
Dudley,
West Midlands,
UK, demolished 1999

The spectacular demolition of this and so many other high-rise social housing towers throughout North America and Europe signalled a crisis for top-down, large-scale, fully government-financed housing projects.



Neoliberalism in housing had its defining moment in 1980 when British Prime Minister Margaret Thatcher's cleverly named 'Right to Buy' initiative took aim at Britain's remarkable postwar legacy of affordable rental housing – defined in the UK as costing 80 per cent of market rate – built and maintained by local government councils. The 'council houses' embodied the social-democratic ideal that good housing, like healthcare, was a universal right that government should take the lead in providing for the majority of citizens. Thatcher's programme not only gave council house renters the 'right to buy' their houses, thus transferring almost 1.8 million of the 3.5 million council homes to the private market; perhaps more importantly, it promoted the neoliberal panacea of homeownership as the only answer for the vast majority of 'normal' households – or those who could afford to buy their homes – while marginalising the remaining renters left in the council houses.²

Architecture or Neoliberalism

The potential strengths of architecture's response to neoliberal orthodoxy were seen as early as the 1970s. A remarkably prophetic housing development for Lima, Peru, the Proyecto Experimental de Vivienda (PREVI), shows an alternative design language taking shape. Responding to the explosive growth in informal settlements, the city (under the auspices of the United Nations) brought together outstanding architects from around the world to work with local inhabitants. The separate designs by Christopher Alexander, Candilis-Josic-Woods, Charles Correa, Fumihiko Maki/Kisho Kurokawa, James Stirling and Aldo van Eyck all rejected the tower-in-the-park typology in favour of low-rise, high-density clusters. All sought to balance household privacy with vibrant, well-defined public spaces. Perhaps most importantly, all sought to draw on the energy and imagination that marked the informal settlements by providing the structural flexibility that would allow the residents to enlarge their houses. Designed for growth and adaptation, the 1970s PREVI houses can now be seen as the direct predecessors, for example, of ELEMENTAL's 'incremental housing' in Chile forty years later. More generally, the PREVI project forecasts the union of architectural imagination with social purpose that now defines the best affordable housing.³

But PREVI, which never actually realised its radical potential due to the withdrawal of government funding, also sadly forecasted the fate of similar architectural and social initiatives that never got the chance to develop at scale because they conflicted with the increasingly dominant policy of neoliberalism and the commodification of housing, further catalysed by globalisation. The results have been sadly predictable: in almost every developed country, housing costs have risen faster than household incomes.⁴ This trend has been most visible in the 'global cities' like London, New York and San Francisco, where massive gentrification has turned even the tenement houses of Lower Manhattan or the terraced houses of East London into high-rent areas. But the crisis is in fact more widespread; as a recent report by the Harvard Joint Center for Housing Studies shows, such quiet localities as Augusta, Georgia (US) can generate an affordable housing crisis if incomes are even lower than relatively moderate housing costs.⁵ The social consequences are best described in sociologist Matthew Desmond's searing book *Evicted* (2016). Families paying rents as high as 80 per cent of their incomes are forced to scrimp on all other essentials; the high rent then leaves them vulnerable to missed payments, forced evictions, family breakup and homelessness.⁶



Jack Lynn, Ivor Smith and John Lewis Womersley, Park Hill Council Housing Estate, Sheffield, South Yorkshire, UK, 1966

Over 2 million social housing units were built and managed by Britain's local government councils after the Second World War. Many were sold to renters in the 1980s as part of Margaret Thatcher's neoliberal quest to replace social democracy with an 'ownership society'. Park Hill is now being renovated by developers Urban Splash in a part-privatisation scheme that will include social housing, upmarket apartments, and business units.

The 'council houses' embodied the social-democratic ideal that good housing, like healthcare, was a universal right that government should take the lead in providing for the majority of citizens.

The case of the US is particularly egregious, not only for the misery that the crisis inflicts on the poorest part of this archetypal ‘affluent society’, but also for the way that market fundamentalists have simply refused to learn from the worst market crisis since the Second World War: the housing bubble of the early 2000s and the subsequent Great Recession that almost destroyed the world economy. This episode is worth reviewing in detail to fully grasp the perils of a system that treats housing, a basic human need, as a commodity.⁷ Although any commodity is subject to temporary market ‘bubbles’ that drive up prices, housing (unlike, say, potatoes or steel) is uniquely susceptible to massive ‘bubbles’ that feed on themselves by luring speculative capital from around the world to ‘hot’ markets.



Charles Correa,
Belapur Incremental Housing,
Navi Mumbai,
India,
1986

A participant in the PREVI houses for Lima and an outstanding innovator in affordable housing for the developing world, Correa here applies the PREVI principles of human scale and incrementality to this project for a new town outside Mumbai.



ELEMENTAL,
Villa Verde Housing,
Constitución,
Maule Region,
Chile,
2013

Alejandro Aravena’s influential updating of the PREVI principles. The voids in this housing represent opportunities for residents to complete their houses in their own ways, thus incorporating into the design the energy and self-reliance of the community.



The Great Bubble and Affordable Housing

The Great Bubble of the early 2000s began when US banks and mortgage companies invented mortgage-backed securities which, by bundling together thousands of mortgages as specified in complicated algorithms, promised to be as safe as the safest government bonds while earning significantly higher interest. The magic algorithms were so flexible that institutional investors with a taste for still-higher returns could purchase ‘tranches’ of riskier mortgages called ‘sub-prime’ and earn maximum returns with what the banks and the ratings agencies claimed was only a slightly higher risk.

This innovation focused global speculative capital on housing and also had an unexpectedly dramatic impact on affordable housing. ‘Sub-prime’ borrowers included suburbanites whose income did not qualify them for ‘prime’, ie, low-interest mortgages, but it also included inner-city properties. Black and Latino homebuyers were now eagerly sought out by banks anxious to generate anything capable of being bundled into highly profitable and highly marketable securities. It seemed as if the millennium had truly dawned as black and Latino households secured mortgage money and home prices in many inner cities finally recovered from their lows in the ‘urban crisis’ years from 1970 to 2000. Yes, black and Latino homebuyers paid higher interest rates with sub-prime, but with a small down payment the new homeowners could get on what seemed to be the same endless housing escalator that white suburbanites had ridden for decades.

However, as home prices rose and fewer black, Latino and immigrant households could afford the increasing down payments and monthly payments, the mortgage industry kept mortgage volume high through so-called ‘affordability products’. If the down payment or monthly payment were more than a household could manage, there were now mortgages that required minimal outlays in the first years, or none at all. ‘Affordability’ turned into a desperate gamble that house prices would always go up; the equity one built up when an otherwise unaffordable \$300,000 house turned into a \$600,000 house could then be used to refinance the mortgage, make up for missed payments, and perhaps even yield a cash payout.



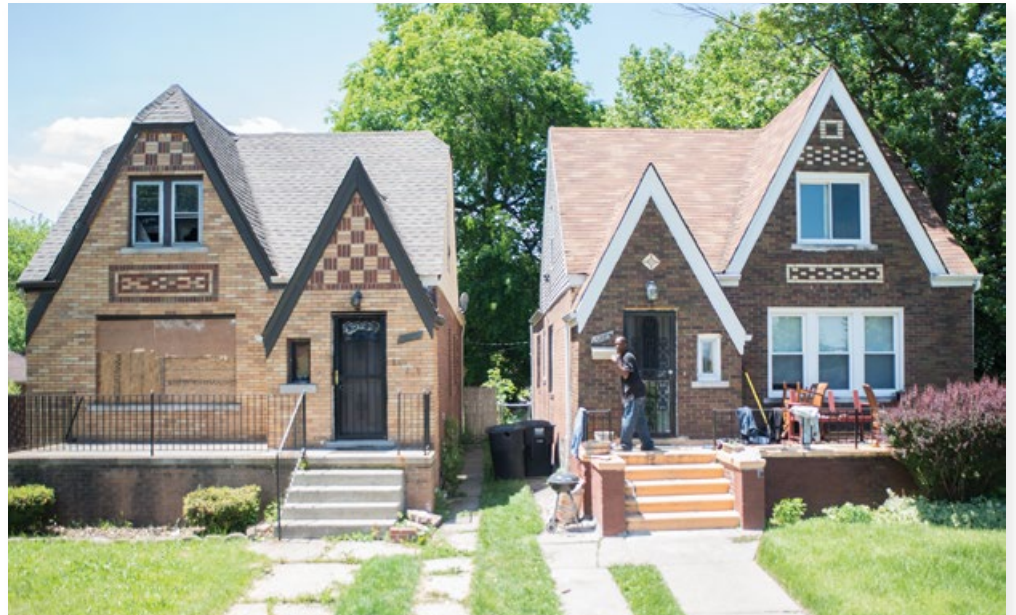
East New York neighbourhood, Brooklyn, New York, 2003

Old and new: the abandoned high-rise public housing tower in the background gives way to the rowhouse typology in the foreground typical of affordable housing built by non-profit community development corporations (CDCs).

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Foreclosed and abandoned in Detroit, 2012

The house on the left shows the continuing devastation caused by the foreclosure crisis and ‘housing as commodity’ in what had been an improving middle-class black neighbourhood.





Michael Maltzan Architecture,
Star Apartments,
Los Angeles,
2014

Built for the non-profit Skid Row Development Corporation, this award-winning building includes 102 affordable housing units for the formerly homeless as well as social and medical services for the residents and the surrounding community.

Adjaye Associates,
Sugar Hill Development,
Harlem,
New York City,
2014

An exemplary union of architect and client, the non-profit Broadway Development Corporation, this mixed-use monument to affordability and social justice includes 124 units of affordable housing, a pre-school, a children's museum and public space for the neighbourhood.



In the US, the projects are usually undertaken by relatively small-scale non-profit organisations that have learned to patiently cobble together a multitude of public and private subsidies and grants.

Of course it was not only black and Latino households who relied on this contemporary version of the early 17th-century Dutch tulip craze, though they faced foreclosure almost 50 per cent more often than white households. Of the \$1.3 trillion dollars in mortgage-based securities issued between 2000 and 2008, the vast majority went for mortgages for prosperous middle-class homebuyers who wanted McMansions even larger than the ones they could actually afford.⁸ But when the crash inevitably came in 2008, those at the bottom paid the heaviest price. The banks were bailed out, whereas low-income homeowners were ruthlessly foreclosed and evicted. Thus, market fundamentalism's radical efforts at affordability through homeownership wound up throwing tens of thousands of households into a viciously unaffordable rental market.

In this crisis context, the best recent affordable housing throughout the world stands out even more strongly for countering the seemingly inevitable neoliberal trend. In the US, the projects are usually undertaken by relatively small-scale non-profit organisations that have learned to patiently cobble together a multitude of public and private subsidies and grants. This pragmatic 'Third Sector' thus functions very differently from either the massively funded high-rise public-sector housing of the immediate postwar years or the profit-driven private sector.

The very term 'affordable housing' denotes an emphasis on achieving a socially sustainable balance between household income and housing costs, while leaving open the means by which this goal is achieved. With direct grants from the state now drastically cut back, funding might come from tax incentives to developers; low-interest mortgages from foundations; special grants to replace or rehabilitate ageing high-rise towers; or programmes to support low energy use or to house the homeless. Many cities in the Global North now insist that highly profitable new market-rate housing developments include a fixed percentage of affordable units, either as part of the project or subsidised elsewhere. Even more importantly, affordable housing might be owned as well as rented. For the housing organisations, the goal of affordability means a difficult set of choices that requires as much patience, expertise and creativity as the architecture of the projects themselves.

Potemkin Village or New Social Order

But this limited funding also means that it is virtually impossible to 'scale up' the production of affordable housing under the present system to address the true economic and social dimensions of the crisis. The danger is that the best affordable housing projects as shown in this publication will form a kind of Potemkin village of beautiful images behind which stretches the reality of a wasteland of overpriced, overcrowded, poorly maintained housing segregated by race and class. If the resurgent market fundamentalists in, for example, the Republican Party in the US or the Conservative Party in Britain have their way, these projects will remain as isolated monuments to a movement that was never allowed sufficient resources to achieve its larger goals.

But these projects also tell a potentially more hopeful story. All stem from a vital network of expertise – design, social and financial – that underlies the difficult production of affordable housing. Each project embodies in a unique way a key point of positive intersection between the best designers and housing activists and the communities that need them most. The designs not only reflect the energy of people striving against the odds to better their lives, but also represent design research and potential solutions in the vital areas of creating spaces that bring people together to overcome market-driven segregation and impoverishment. The projects in this issue thus stand as heroic efforts to oppose inhuman market trends and to build the beautiful, humane housing that the poorest among us deserve. ▢

Notes

1. Dani Rodrik, 'Rescuing Economics from Neoliberalism', *Boston Review*, 6 November 2017.
2. James Meek, 'Where Will We Live?', *London Review of Books*, 36 (1), 9 January 2014, pp 7–16.
3. Luis E Carranza and Fernando Luiz Lara, *Modern Architecture in Latin America*, University of Texas Press (London), 2014, pp 262–4.
4. *World Cities Report 2016*, UN-Habitat (New York), 2016; *The State of Housing in the EU 2017*, Housing Europe (Brussels), 2017.
5. *The State of the Nation's Housing, 2017*, Joint Center for Housing Studies of Harvard University (Cambridge MA), 2017.
6. Matthew Desmond, *Evicted: Poverty and Profit in the American City*, Crown (New York), 2016.
7. See especially Bethany McLean and Joe Nocera, *All the Devils Are Here: The Hidden History of the Financial Crisis*, Portfolio/Penguin (New York), 2010.
8. Paul Krugman, *End This Depression Now!*, WW Norton (New York), 2013, chapter 7: 'Anatomy of an Inadequate Response'.



Charles Buek,
Astor Row,
Harlem,
New York City,
1883; renovated 1980s

Preservation and affordability: This unique set of homes from the 1880s was preserved after decades of neglect, in part through the efforts of the Abyssinian Development Corporation, a local church-affiliated non-profit that sponsored renovation for affordable apartments.

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