



## What might social housing become?

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At the end of his excellent book *'The quest for a moral compass'* British journalist and philosopher Kenan Malik summarises what he sees as the achievements of modernism. He suggests that modernism had ushered in *'new possibilities of social transformation'* where *'people rejected the idea of society as a given, so 'ought' became a political as much as a moral demand'*. He says that for the first time people, ordinary people, were able to ask *'What kind of society, what types of social institutions, what forms of social relations, will allow human beings to flourish?'*

Malik suggests that the ability to ask such questions was made possible firstly by the *'creation of new forms of social conversation'* where *'political and moral debate moved out from the confines of a small elite and became central to the very functioning of societies'*. Such conversations he suggests has been made possible by things like the printing press, the mass media, political parties and social networks.

This new social conversation was also made possible by new tools for organising social action. Such things as democratic elections, protests and social activism. But Malik concludes his argument by saying that he believes that western civilisation has lost the confidence which modernism had provided it with. In particular we have lost our faith in reason as the basis of our moral compass. Canadian scholar and politician Michael Ignatieff suggests that we no longer believe *'that material progress entails or enables moral progress- we eat well, we drink well, we live well – but we do not have good dreams?'*<sup>i</sup>

I guess that it is our capacity to have good dreams that is essential to our ability to do good things and in particular to our ability to develop decent, just and humane social and economic policies. In other words that unless we have a working moral compass then as the saying goes *'we stand for nothing and will fall for anything'*.

My talk tonight is about social housing and specifically about what social housing has become and what it might become. My thesis in addressing these two questions is that the biggest deficit to date in the social housing equation has been a philosophical one. And, following on from this, that any future for social housing depends on us first finding a firm philosophical basis for having or doing social housing. In laying out this thesis I would like to first consider the whakapapa of our social housing system and in particular what the background ideas and intentions of our founding fathers were and how these have been reshaped and eventually abandoned by the left. Secondly I would like to discuss some elements of a new philosophical basis for social housing which I expect groups such as the Fabians might be interested in contributing to.

### **The genesis of social housing in New Zealand**

The photo of Michael Joseph Savage and Peter Fraser carrying a family's furniture into the first state house at 12 Fife Place Mirimar on 18th September 1937 is one of New Zealand's enduring and endearing political images. For the left this image is steeped in a romantic nostalgia of a time of unparalleled political courage, compassion and creativity. This was the vision of ordinary working people having access to decent affordable housing – this was a vision as audacious then as it has become now.

But the image ignores a critical issue within Savage's, Fraser's and their colleagues' political philosophy. This gesture was one of middle class welfare – of a clear understanding of the difference between the deserving and undeserving poor and of the importance of the nuclear family and patriarchal structures to New Zealand's social fabric. The same gestures and sentiments are alive and well in the Labour Party's current political philosophy. Rest assured - smaller classroom sizes across the board will not address the educational failure of New Zealand's poorest children and free GPs visits or all New Zealanders aged over 65 will not improve the poor health suffered by children living in poor housing.

State housing was intended for the working poor which at the end of the Great Depression was a huge share of the population. The destitute poor, the vagrants, drunks and drifters, the unemployed, unmarried women and rural Maori were certainly not in the picture – decent working men and their dependant family certainly were. This vision soon became unravelled by two nightmares- Sid Holland and the compelling nature of poverty.

In part the 1949 election was fought on competing visions of how New Zealanders might be housed – the socialist dream of public housing or the conservative dream of a property owning democracy. It wasn't much of a fight – the socialist paradise of collective ownership and civic enterprise of such people as Cedric Firth and Ernst Plischke stood no chance against a juggernaut of growing materialism, increasing personal and social mobility and urbanisation. Urban policy, transport policy and housing policy were set for the next 50 years and social housing skulked into the shadows.

### **The popular demise of social housing**

Social housing's political and popular demise was cemented by the Mazengrab Report on youth delinquency in Lower Hutt in 1956 as well as by criticism of state housing during the 1971 Commission of Inquiry into Housing from such organisations as Plunket, the Public Service Association and the New Zealand Association of Social Workers. The physical and

social environments created by state housing was blamed for a range of problems from teenage promiscuity to youth gangs.

But as state housing's public and political fortunes sank it increasingly became the housing for the poor – firstly for working class Maori shifting to the cities during the 1950's and 1960's and then for Pacific people during the 1970's and 1980's as they migrated to New Zealand. The neglect of state housing both by the State and by its occupants only tended to add to its poor standing amongst middle New Zealand.

Well aware of this the Prime Minister Mr Key was happy to jump on the state house bashing bandwagon with his 'street of shame' comments about McGehan Close in Owairaka in his 2007 State of the Nation speech. In 2006 he labelled as 'economic vandalism' the idea of putting state houses into the Hobsonville Point development in his electorate. But none of this is unique to New Zealand. Popular British TV series, *Shameless*, lampoons the feckless, reckless lives of residents of the mythical Council housing estate of Chatswood as part of what journalist Nick Cohen labels 'prole porn' - the mainstream media's attack on the poor. vi The message is clear – the poor are no longer due our pity and concern but rather our scorn and ridicule.

It is this growing indifference and perhaps even hostility toward the poor which means that social housing has become a residual political issue. Social housing is the housing of the poor and marginalised and as we care less and less about them why would we care about what happens to their housing?

That was until the National Government realised this housing was worth something – in fact over \$15 billion or more than 20% of the Crown's net worth.

Clearly for the accountants amongst us such an asset is too valuable to waste on the poor and it was this sentiment which drove the formation of the Housing Shareholders' Advisory Group in early 2010. It has been the advice of the Group which has mainly driven the Government's subsequent social housing reform agenda although by no means the Government's treatment of Housing New Zealand<sup>vii</sup>.

### **The social housing reform agenda**

This reform agenda has four parts. Firstly there has been the introduction of reviewable tenancies for state house tenants under the mantra of 'housing for those most in need and for the duration of their need'. The pretext here of course is the good old welfare bludger rhetoric that many state tenants are really living well on the back of taxpayers and that this abuse is the reason others are homeless. In his announcement of these changes in November 2013, the Housing Minister Nick Smith predicted that up to 3,000 state tenants would be 'supported into housing independence' over the next two years<sup>viii</sup>. Against a backdrop of nearly 69,000 state house tenancies such a measure is hardly transformational although it probably has important ideological value for the National led government.

The second part of the reform agenda has been the streamlining of Housing New Zealand into a social housing provider and away from being a 'one stop housing shop' that it was under the previous Labour led government. Contrary to popular mythology Housing New Zealand – at least in my experience, was not a caring sharing social service agency prior to these changes. It had a confused mandate and was hopelessly compromised as an agency

which assessed housing need, provided social housing, provided housing policy advice and administered funding to the competing community housing sector.

Related to this change was the transfer in April 2014 of the housing needs assessment function from Housing New Zealand to Work and Income. While this transfer has received the ire of some community activists and housing workers it is a more transparent process than the previous arrangements where Housing New Zealand used the social housing allocation process as a rationing tool rather than as a needs assessment one. Granted the transfer of responsibility has been beset by problems around the compatibility of systems as well as by Work & Income's cumbersome way of inter-acting with people. But somewhat ironically the numbers of applicants judged to have a serious or significant housing need has risen by nearly 2000 households since Housing New Zealand lost the job<sup>ix</sup>.

The final element of the Government's social housing reform agenda is the establishment of a social housing market. While details of how this market will operate are still to be agreed, it appears that the Government expects NGO social housing providers to somehow compete with Housing New Zealand for the provision of social housing to households which meet the access criteria. Qualifying housing providers will be eligible for some form of operating subsidy although details have yet to be announced.

To date however the budgets allocated to this bold new move into a social housing market have been quite underwhelming. The 2013 Budget for example announced a budget of \$24.8 million over the following four years for the extension of income related rents subsidies to community housing providers. This money was taken from prior allocations to resolving the leaky homes problem and compares with an expected budget of \$2.5 billion for Housing New Zealand's rent subsidies over the same period<sup>x</sup>. The 2014 Budget appears to have abandoned this separate allocation for rent subsidies to community housing providers and instead promised \$10 million annually for 'Social Housing Provider Development'<sup>xi</sup>. Such a subsidy would probably provide 50 to 60 additional social housing units. More recently Cabinet has agreed to the establishment of an 'independent transactions unit' within Treasury to oversee the transfer of some of Housing New Zealand's assets to community housing providers and hapu/iwi.

### **Recent changes to Housing New Zealand**

Aside from this broader social housing reform agenda the National led government has brought significant change to Housing New Zealand both in terms of its dividend expectations and its plans to radically reconfigure its asset base.

Over the four years 2009/10 to 2012/13 the National led government received \$347 million in dividends from Housing New Zealand and contributed \$132 million representing a net withdrawal of \$215 million. By comparison over the last four years of the Labour led government it took just \$49 million in dividends and contributed \$479 million in additional capital representing a net contribution of \$430 million.<sup>xii</sup>

This pattern under a National led government of higher dividends and lower capital contributions is taking place at a time when Housing New Zealand is being required to undertake the most radical reconfiguration of its housing stock in the 75 year history of state housing in New Zealand.

This reconfiguration is probably long overdue. Two thirds of Housing New Zealand's stock was built prior to 1980 while only 11% has been built since 2000<sup>xiii</sup>. Furthermore much of this stock is in areas of minimal population growth and low housing demand. Auckland for example has 57% of the priority waiting list yet 45% of the state housing stock while Wellington Region has just 7% of the waiting list and 13% of the stock.<sup>xiv</sup> There is also a mismatch between the size of the housing stock and the type of demand. Nearly 30% of the priority waiting list demand is for one bedroom units while this only makes up around 10% of Housing New Zealand's stock.

The reconfiguration of Housing new Zealand's housing stock is likely to involve up to \$6 billion of asset sales and reinvestment over the next eight to ten years. Against an asset base of \$15 billion it is easy to see how significant these changes are <sup>xv</sup>.

Despite this significance public debate and even public information on these changes is sparse. These changes appear to involve sell offs of stock in smaller cities such as Dunedin, Napier and Whanganui where demand is low and the potential re-investment of the proceeds into Auckland. As well, much of the old state housing estate in places such as Sandringham, Tamaki and Mt Albert looks set to either be sold off to private developers or demolished to make way for mixed public-private developments. While information is scarce on what these changes mean on the ground the available reports raise concerns about the real intention of this programme.

Housing New Zealand's first foray into urban re-development is taking place in Glen Innes North. On its website the state owned company reported:

*'In northern Glen Innes, we have expensive state houses on big sections in an area close to the city and we need to use that land wisely to help address Auckland's growing housing problems. This is a priority area for both Auckland Council and Housing New Zealand.*

*To achieve our goals for the area, we plan to redevelop 156 properties to create at least 260 new houses, including: 78 owned by Housing New Zealand at least 39 other marketbased affordable houses and, the remainder for private sale.*<sup>xvi</sup>

In other words 156 state houses becomes 78, around 39 become "other market-based affordable houses" - whatever these are and the remaining 143 dwellings are for private buyers. It could be claimed that this is little more than state sponsored gentrification – a process which as we know has been actively resisted by local residents and left-wing activists.

In its January 2013 briefing to the new Minister of Housing Nick Smith, Housing New Zealand promised that it would provide an additional 1400 state rental units in Auckland by July 2016. To do this the company proposed selling 2187 units, buying in 1246 new ones, redeveloping 1117 and leasing a further 1265 dwellings from private investors. In other words, 88% of the additional units are to be leased while at the same time around 2,200 are to be sold off. The net change in the stock of publicly owned housing from all this buying, selling and re-developing will be a mere 176 units over a four year programme <sup>xvii</sup>.

It would seem, although it is by no means obvious, that the intention of all of this activity is not to increase the stock of publically owned social housing but to extend the opportunities for the private sector to utilise the development potential sitting in the public housing estate and for the private sector to potentially become de-facto investors in social housing albeit with the State standing as guarantor.

### **Social housing under a left-wing Government**

So what is to be done for social housing if and when a left-wing coalition gains political power?

I expect that at such a time, housing and in particular social housing, will be in crisis or at least a crisis narrative will be being run. Those people with ready and perhaps straightforward answers will most likely gain some influence and many of these people will be self-serving bureaucrats who have probably previously contributed to the crisis. There is a tendency for those on the left to trust bureaucrats and to believe in public enterprise, public service and public servants. This support is despite the fact that the idea of public service has been tainted and perhaps irretrievably poisoned by managerialism.

Government employees no longer work for the public – they work for their all seeing all knowing chief executive. The chief executive most often works to a set of statutes or conventions and these statutes and conventions are themselves rooted in neoliberal ideology. Ideals of compassion and ideas of social justice are well removed from this framework making such quaint notions as public service and the common public good relics of the past. Bolting a left-wing agenda onto this framework will achieve little except perhaps to provide this framework with a façade of civility and decency which it doesn't deserve.

If we are to achieve greater social justice and less inequality then far more fundamental change is required. This fundamental change needs to occur at a relationship level and needs to be based on the better parts of human nature – all of this of course within a three year electoral cycle.

The compelling nature of neo-liberalism lies in its appeal to our nature – at least the selfish self-centred part of our nature. If we start from the Hobbsian premise that life is '*solitary, poor, nasty, brutish and short*' it is relatively easy to build a world view based on the essential selfishness of humans, the competitive nature of our existence and of life, the need for authority and rules to avoid chaos, the virtues of private property, the virtuousness of wealth and the wealthy and freedoms based on this wealth. It is a self-contained, self-justifying and self-serving ideological framework which to date the Left has been unable to respond to adequately.

The self-justifying nature of neo-liberalism has reached new heights with its appropriation of evolutionary biology. Famously Richard Dawkins has talked of the selfish gene – that it is our innate need to ensure that our genes persist into future generations that causes us to act with very limited empathy and generosity and mainly toward those who carry our

genes. Such a view of society is surely no less grim than that of Thomas Hobbes. We are by nature both generous and selfish so is it also possible to design institutions and ideologies which tap the more generous side of our nature? This of course has been an enduring philosophical question since the demise of God as the source of moral authority. Self and selfishness have I suggest proven unable to fill this ethical void.

But there may well be a limit to our altruism, to the empathy, generosity and compassion we feel toward our fellow citizens. Such limits are surely created for us when we see people apparently abusing our goodwill and sense of fairness. Luckily the mainstream media are keen to point out such instances to us so we don't need to go far to understand how morally bankrupt those living on welfare and in state houses are. Such presumptions are surely assisted when the Prime Minister suggests that asking for assistance from a Salvation Army foodbank is a 'lifestyle choice' <sup>xviii</sup> or by the framing of the welfare reform debate in terms of so called 'lifetime costs' of a person on a sole parent benefit. We don't talk of the lifetime costs of a retiring baby boomer or of the child who will contract rheumatic fever this week because of their poor housing.

The existence of practical and political limits to our altruism suggests that like any ethical practice it needs to be actively pursued in order to remain relevant and meaningful to our lives. Hopefully, too, such practice in turn conditions or influences our politics.

### **Active citizenship**

What I am suggesting here is active citizenship where we are all actively involved in the provision of public services and the governance of public assets within our community. What I am also suggesting is that such engagement connects us with our fellow citizens and especially those of our fellow citizens with whom we usually share very little. As well I am hopeful that this engagement begins to shift our politics personally and collectively because we better understand the issues involved with such things as the provision of social housing and we have a sense of a stake in it all.

Such active citizenship already exists in our schools with Boards of Trustees. Although very few people are actually engaged in these, there is a strong sense of local ownership of schools and a solidarity amongst those involved which re-balances the political tenancies of bureaucratically organised institutions. Witness such tenancies in Auckland Council with its so-called council controlled organisations - a structure designed by neoliberal acolyte Rodney Hyde.

The prospect that social housing might be run by community based organisations rather than by central government bureaucrats poses both a philosophical challenge for the Left and a number of risks for those of us who are less concerned with political idealism. Devolvement of public services and public assets to community organisations can be seen as a form of privatisation and indeed there is a risk of this.

The creation of charter schools is an example of such a move which has brought condemnation from some on the Left. One of the real risks involved in the creation of charter schools is the emergence of an elitist agenda where certain schools poach the more able students and more motivated families out of struggling communities thereby making these communities and their schools more vulnerable.





This has been the practice within the public education system for years yet we have heard little from education unions or political parties of the left about this. It seems as though it is only when conservative Christian groups or narrowly based charitable trusts get involved that student poaching and elitism become a problem for the Left. The creation of a social housing market, and with this the possibility of a transfer of state housing into community organisations, in my opinion creates real opportunities to reinvent social housing.

Sure the transfer of stock raises the risk that those organisations gaining these assets are not publicly accountable but can you remember a time when Housing New Zealand was ever accountable to the public or local communities or to tenants?

There are, of course ways in which some accountability can be maintained – through longterm purchase agreements, funding contracts or tenants’ and or community charters.

However accountability fundamentally relies on the quality and integrity of those people running these community housing organisations. This is where active citizenship comes in and with this the more extensive involvement of social activists and social housing tenants in running social housing.

### **Potential problems with state housing stock transfers**

The transfer of the state housing stock to other social housing providers is however problematic for at least two reasons. Firstly there is no free lunch here despite the inventive imagination of the Minister of Housing. Large scale self-funded NGO providers of social housing are just not feasible – NGO’s simply do not have the balance sheets of sufficient size and the philanthropic sector is not that large. To grow any scale NGO providers either requires significantly higher operating subsidies than Housing New Zealand is presently receiving in income related rent subsidies or state housing assets will need to be seriously discounted. Such a discount of course reduces the value of Housing New Zealand’s and so the Crown’s balance sheet.

The other problem is the distraction of it all. It seems unlikely that much will change in the social housing space over the next three to five years in terms of who does what and who owns what. However, we risk being distracted by proposals and counterproposals and by studies and consultations and forget about the shortage of housing. It is certainly the case that leading NGO housing providers are offering up stock transfer proposals rather than advocating for the housing needs of the most vulnerable New Zealanders<sup>xix</sup>. There is here a certain vulture-like interest in stock transfers as the answer to most of our housing problems and this would probably suit those on the Right who would prefer to do as little as possible for social housing.

### **Building a sense of ‘ours’ rather than ‘other’**

The essential challenge we face around building a decent and just social housing system is to create a widely shared sense of ownership. New Zealanders already think of our public hospitals and schools as ‘ours’. We perhaps even think of the New Zealand Superannuation scheme as ours but I am sure that middle New Zealand does not see the rest of the welfare state or social housing as ours but rather ‘theirs’. The ‘theirs’ being the poor, the vulnerable and the marginalised. This sense of ‘other’ means that neither our welfare state nor our present social housing system will be sustainable politically.

Those on the political Left either need to accept this as inevitable or to work at a fundamental level to ensure that it isn't.

Such a fundamental response is at a philosophical and ethical level. Australian moral philosopher Clive Hamilton in his book *'The Freedom Paradox'* comments on genuine philanthropy saying *'paying for blood is an example of how putting a price on some things can actually devalue them, and it illustrates the essential moral objection to neoliberalism'* While most things in public policy have a resource cost they do not always have a price and we would be foolish to concede that they do. This means that we need to gain political support at the level of ideas and not through electoral bribes such as those around lower class sizes or free primary health care.

It seems to me that the idea of decent housing for everyone and especially for our most vulnerable citizens is a powerful one to work on. Housing is, of course so important both to the lives and individual opportunities we are able to build and to neighbourhoods and communities we create. The responses we should make are around no longer leaving social housing in the hands of indifferent and at times even hostile bureaucrats and instead accepting the challenge of becoming active citizens involved in creating and sustaining social housing in our neighbourhoods.

Modernity offered ordinary citizens a chance to contribute to the debate around how their lives and society should be shaped and directed. While we now have any number of medium to run this debate through we are perhaps being limited more and more by our vocabulary of ideas – a vocabulary which is increasingly dominated by neoliberalism and the interests of the elites. If we distance ourselves from our neighbours and fellow citizens in the belief that activism now happens on-line and that the virtual world is as valid as the real one, we run the risk of our vocabulary of ideas being simply those that we have been told. Knowledge gained through practical and diverse experience becomes lost to us and we risk falling prey to half-truths based on suspicion and prejudice toward 'the other'. We know where such a path leads us. The safest way to avoid such a future is to remain actively involved in things in your community that matter and not leave such affairs to bureaucracies or businesses to decide.

## ENDNOTES

i Malik, K.(2014) *The quest for a moral compass: A global history of ethics*; Atlantic Books; pp.340-342

ii See Schrader , B. (2006) *The other story: Changing perceptions of state housing*; New Zealand Journal of History 40:2

iii Firth, C. (1949) *State Housing in New Zealand*, New Zealand Government Printer.

iv Schrader, B. (2006) p.156

v The Commission of Inquiry into Housing (1971) *Housing in New Zealand* p.17.

vi See Cohen's Guardian column of 18 October 2008 '*History shows how poverty helps the right'* at

<http://www.theguardian.com/commentisfree/2008/oct/12/tradeunions-thefarright>

vii The Housing Shareholders' Advisory Group's terms of reference included providing advice to Housing New Zealand's shareholding ministers on:

- most effective and efficient delivery model for state housing services to those most in need
- more productive and innovative ways to use current social housing assets to better support the objectives of government, and
- transparent measures of how the above are to be achieved.

The Group's recommendations were published in April 2010 and included:

- To 'empower' Housing New Zealand to focus on the 'high needs' sector.
- The development of 'third party' participation in the provision of social housing

- Development of housing policy responses across a broader range of housing needs
- Clarification of roles across state agencies including the allocation of housing needs assessment to MSD and the allocation of housing policy development to an agency other than Housing New Zealand.

viii See Nick Smith's press release 20 November 2013 at 'New era for social housing after bill passes' <http://www.beehive.govt.nz/release/new-era-social-housing-after-bill-passes>

ix At the end of June 2014 there were 5,840 applicants on Ministry of Social Development's priority 'wait list' See <http://housing.msd.govt.nz/information-for-housing-providers/waitlist/index.html>. By contrast Housing New Zealand reported a priority waiting list of around 3,900 applicants at the end of June 2013 (see HNZA 2012/13 Annual Report p.10)

x See *Social Development and Housing Sector – Information Supporting the Estimates 2013/14 B.5A Vol.10* p10. The 2013/14 estimate of HNZA rent subsidies was \$662 million (p.31) and the \$2.5 billion four year estimate is based on this figure.

xi See *Social Development and Housing Sector – Information Supporting the Estimates 2014/15 B.5A Vol.10* P.8 xii These figures are taken from Housing New Zealand's financial statements as reported in its Annual Reports

xiii See Housing New Zealand Corporation *Annual Report 2012/13* p.19

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xiv Analysis of the priority waiting list by region against estimated HNZA stock by region is provided in the following table

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	2014 Waiting list	HNZA Stock 2013	Waiting list as % of stock
Northland Region	197	2,100	9.2%
Auckland Region	3,339	31,200	10.7%
Waikato Region	335	4,800	7.0%
Bay of Plenty Region	299	2,800	10.6%
Gisborne Region	52	1,200	4.35
Hawke's Bay Region	233	2,900	8.1%
Taranaki Region	71	5,300	5.5%
Manawatu-Wanganui Region	64	2,900	2.2%
Wellington Region	383	9,000	4.3%
Tasman Region	8	200	4.4%
Nelson Region	21	700	3.2%
Marlborough Region	25	400	5.7
West Coast Region	14	300	4.2%
Canterbury Region	667	6,6000	10.0%
Otago Region	51	1,800	2.8%
Southland Region	15	500	3.0%
<b>New Zealand</b>	<b>5,840</b>	<b>68,700</b>	<b>8.5%</b>

xv This \$6 billion figure is taken from Housing New Zealand's *State of Intent 2012-15* p.29 which forecasts \$6 billion of capital expenditures between 2012/13 and 2021/22 which will be funded by \$2 billion in depreciation and \$2.9 billion in asset sales.

xvi Available at <http://www.hnzc.co.nz/housing-development/auckland/northern-glen-innes-redevelopment-1> - downloaded 21 August 2014

xvii See Housing New Zealand (2013) *Briefing to the incoming Minister of Housing* p.11 Year

xviii See NZ Herald article of 17 February 2012 'Food parcel families made poor choices, says Key' at [http://www.nzherald.co.nz/nz/news/article.cfm?c\\_id=1&objectid=10706851](http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10706851)

xix See Community Housing Aotearoa's (the community housing sector's peak body) recent paper advocating for stock transfers 'A way forward for stock transfers' which is available at <http://communityhousing.org.nz/news/way-forward-stock-transfers/>