A mutually agreeable housing solution

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The Prime Minister's suggestion that under 25s lose their entitlement to housing benefit raises some serious questions. Whilst the immediate media reaction has focused on the fairness of the welfare state, the bigger picture is what this tells us about the current state of UK housing provision.

According to figures from the **Department for Work and Pensions (http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=5E017604-15C5-F4C0-99F1DFE5F12DBC2A)**, at least 18% of housing benefit claimants are in work, and this group account for almost all (93 per cent) of the increase in the number of claimants in 2010 and 2011. The reasons they receive this benefit is because their incomes are low and insufficient to meet their housing costs. Housing benefit is only payable to people who rent. Access to social housing is restricted not just by increasingly tighter allocation policies, but also by the limited amount of vacancies available. The availability of good quality yet affordable accommodation in the private rented sector remains mixed and, to some extent, a postcode lottery. For the 25 year olds who have low incomes and no means of stepping on the property ladder, what housing options do they now have?

The Prime Minister's comments therefore point to paucity in housing policy which has been growing over the last 30 years. The primary focus on home ownership, whilst meeting the aspirations of many households, has left a gaping hole in the nation's housing stock and supply. A reliance on the private sector to deliver new housing has been speculative (owner occupation), increasingly costly (social housing), and unpredictable. Nor have policies designed to address housing supply – e.g. **the Barker Review (http://webarchive.nationalarchives.gov.uk/+/http:/www.hm-treasury.gov.uk/barker_review_of_housing_supply_recommendations.htm)** – had much success or reach, in many ways perpetuating the imbalance by failing to recognise the role economic policy plays in the supply conundrum.

To address the issues of groups like the under 25s and working families, the answer lies not in cutting the revenue costs of providing this housing (i.e. housing benefit), but in addressing housing supply through improved investment, which reaps longer term financial gains for a wider group of stakeholders. This is not to say the UK's housing stock is worthless. Indeed, its wealth is one of its benefits and this is where mutual solutions may play an important role.

Mutuals are underpinned by the principles of **co-operation (http://www.ica.coop/coop/principles.html)** and co-production. The active engagement and collaboration between producers, users, and consumers aids development and innovation of products and services and, in so doing, delivers better outcomes both in the product and its production. Members benefit from their input through these improvements. But as co-producers they can both benefit from reduced cost and improved return. Mutualism fits not only the **Government's aspirations for a Big Society (http://www.ahrc.ac.uk/FundingOpportunities/Documents/CC scoping studies/Goodson.pdf)**, but is enhanced by its bottom-up origins and localism.

There is already **evidence of this working in housing to reduce costs of providing a quality housing product and service (http://ccmh.coop/sites/default/files/Forging Mutual Futures - Phase 1 Report.pdf)**. Including residents in the decision-making affecting their housing and neighbourhood is one step in reducing costs and is an approach which may be adopted in wider, cross-tenure neighbourhood management. However, the impact of such examples within the wider housing sector are limited.

So what further potential does mutualism offer? The most obvious is through the development of **community land trusts (http://www.insidehousing.co.uk/home/analysis/broken-faith/6515880.article)** facilitating development by reducing the cost of land whilst retaining the community ownership of it. Estate regeneration might be reorganised around a mutual company where the residents, the landlord, and the state all have a financial share, receiving the benefits of improvements. Finally, what about linking personal investment opportunities for those with wealth to the development of new housing through a mutual housing bond which provides an assured rate of return but a lower cost access to capital for new housing? Not only would this address housing needs but could potentially stimulate jobs.

These are just three ideas which could be explored in the current context and even joined. There are likely to be more. However, whilst the **government says it is committed to mutuals (http://www.thirdsector.co.uk/Policy_and_Politics/article/1107775/francis-maude-unveils-details-10m-mutuals-programme/)** and the **housing sector talks (http://www.guardian.co.uk/society/2010/jan/13/mutual-coop-housing-benefits)** about their potential, there has been little appetite for such solutions more fully, even from within the mutual sector more widely and the Co-operative family in particular.

The Prime Minister has **opened the debate about welfare reform (http://www.number10.gov.uk/news/welfare-speech/)**, and the role of housing and mutualism fit into a redefined role of the state. Yet if this debate fails to make the wider exploration of housing outlined here, it misses the potential to mutually solve a range of problems. Taking the easy way out by cutting benefits arbitrarily may reduce the budget deficit, but today's problems are only likely to worsen, not improve.

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