

Affordable Housing in the Context of Social Sustainability

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Abstract:

When the real estate literature refers to sustainable housing, typically it is referring to green buildings which help to save our natural resources and do not contribute to additional pollution. However sustainable housing is more than just the environmental or economic aspects of sustainability. There is another component which politicians and real estate professionals should consider when thinking about sustainable housing – that of social sustainability. This social dimension is increasingly important in the overall economy and also in the real estate sector where the population demographic is changing. For example, the number of elderly people is growing and at the same time the group of younger people is shrinking in most industrialised countries. Along with these changes are changes in the way of living and the 21st century becomes ‘the city century’. Statistics show that the number of big global cities with more than one million inhabitants will grow as people move from the countryside to the larger cities. But in highly urbanised cities the living space is limited and expensive. Furthermore it is often that where you live relates indirectly to what you earn and the peer group you belong to. Clearly this type of development can create problems, such as social segregation between the rich and the poor but also between the young and the old.

The aim of the paper is to raise awareness about social sustainability and to highlight the links between affordable housing and social sustainability. Sustainable affordable housing is about planning and creating houses or buildings where everyone could afford living space for rent or purchase. At the same time it is also about providing small apartments for the growing number of single households and bigger flats for families with children. This paper concludes that affordable housing could help to create a more inter- and intra-generational justice, thereby fulfilling aspirations of social sustainability.

1. Introduction

1.1 The aim of the paper

This paper examines the third but lower profile sector of sustainability, namely social sustainability, which is as important as environment and economic sustainability from a scientific perspective but receives comparatively less attention. In addition there is a discussion about how to adopt socially sustainable practices in the real estate market. The focus of the paper is placed on the concept of social sustainability including exactly what it is, as well as investigating the economy should act increasingly in a social manner and how additional social sustainability could be achieved.

The discussion will concentrate on the real estate market, more specifically on the housing sector. At the same time it must be acknowledged that the economic sector addresses financial aspects of social justice, which is accompanied with environmental sustainability and is an important element of the real estate sector today. The underlying argument from that investors is based on the premise they will not be able to earn profits with housing developments if also they have to deliver the accompanying social aspects which are important for a community. However this paper argues that for housing developers to prosper in the future, they will waste money if they do not consider the social aspects. The question then remains: *how can housing developments improve the social environment of residents and their surrounding cities?* A possible solution is the provision of affordable housing. In other words if different households find appropriate dwellings or houses suitable for their housing needs and financial budget, then the level of social segregation would diminish.

This paper argues that encouraging affordable housing does not need to constrain residents' housing and non-housing choices but rather it has the potential to improve the social sustainable environment in communities and cities. The focus of this discussion is directed upon large metropolitan cities which are increasingly in demand as the most popular place to live in the 21st century. An important reason for the increasing trend of relocating in the city is the superior access to employment.¹ Arguably living in a city makes residents feel like they are an integral part of society due to a strengthening of family life, helping to create a feeling of overall well being and by giving employed households a sense of employment security and an increased level of confidence about the future. Although a higher level of access to the job market in a city strengthens the demand side of the housing sector, it is possible that

¹ Le Monde (2006), p. 34

on the supply side it may indirectly lead to rising housing prices. Overall these are the underlying reasons why this paper concentrates on the housing market in cities, whilst at the same time undertaking a closer examination of housing affordability. Additionally the paper investigates to what extent affordable housing is able to encourage and foster social sustainability.

1.2 Limitations

This is a discussion paper which highlights the existence of social sustainability and its relationship to housing affordability. Although there is no empirical research undertaken for this paper this will be undertaken in the next stage of the research which forms part of a larger research project. The aim therefore is to discuss the theoretical framework with the focus specifically on urbanised areas such as cities. Furthermore, the findings are relatively generalised and not directed at any specific city or country

1.3 Overview of paper

The next section of the paper explains the concept of sustainability with reference to the real estate sector. Of direct relevance are the important differences between the social, the environmental and economic aspects of sustainability. The third section explains what social sustainability actually is and which indicators of social sustainability in communities can be measured.

The ensuing section commences with a definition of affordability, then it argues that affordable housing helps to address social problems in cities and based on a literature review of recent studies in this area. The conclusion discusses the major findings and the next stages for further research.

2. Triple bottom line approach

Arguably sustainable development policies advocated by governments in western society have largely been driven by the drive to balance inherent tensions between (a) economic growth (b) the environment and (c) social impacts.² In turn this has evolved into the 'Triple Bottom Line' approach (figure 1) to sustainable development³ which attempts to conceptualise urban development that promotes economic growth but at the same time both maintains social inclusion and minimises environmental impact.

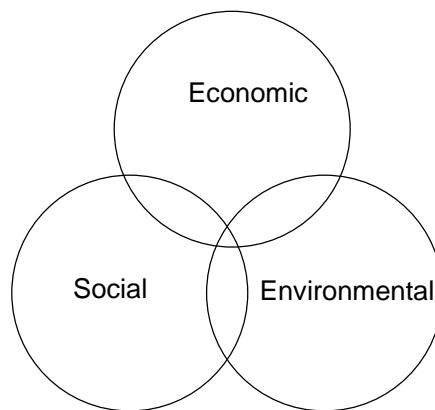


Figure 1. Triple Bottom Line – conventional model

An alternative model (figure 2) referred to as the 'Russian Doll' model⁴, was proposed where economic capital is placed at the centre as the basis of wealth creation, which in turn drives the development engine but at the same time is constrained by environmental and social considerations. This model has received some criticism⁵ with reference to the relationship between the three important criteria. For example McGregor (2003) argued that the three pillars model does not implicitly recognise the environmental limits of growth because the basis is a balancing mechanism which trades off economic growth against the two other pillars. In contrast, for McGregor, the Russian Doll model implies that environmental limits are an important constraining influence on economic growth.

Although most of the focus in the literature has been placed on the economic and environmental pillars in these models, comparatively little attention has been given to the social aspects in relation to housing.

² Dresner (2002)

³ Elkington (1997)

⁴ O'Riordan et al. (2001)

⁵ Dixon et al. (2007)

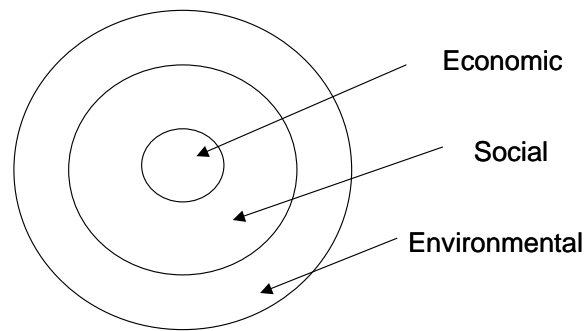


Figure 2. Triple Bottom Line – Russian doll model

At the same time broader society also places a great deal of attention on economic considerations (e.g. the cost of housing, interest rates, etc.) and environmental considerations (e.g. CO₂ emissions, climate change), however social aspects have a relatively low profile. This argument forms the foundation for this paper which argues that the social aspects are both a fundamental element but undervalued.

3. Concept of social sustainability

A starting point for the discussion about sustainability can be traced back to 1987 when the UN Brundtland Commission released a report titled “*Our Common Future*”. The report covered the concept of sustainable development and posted a broad, all encompassing and often cited definition. Bruntland concluded:

‘Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs’.

Two key concepts were embedded in the Bruntland definition that of inter-generational equity and intra-generation equity. Bruntland concluded that the concept of 'needs' included the essential needs of the world's poor; that it is to say that overriding priority should be given inter-generational equity. Furthermore Bruntland’s definition included an obligation from the developed countries to assist the developing countries, especially where extreme poverty was directly linked to poor community health. The concept of needs also followed through to the generations to come (i.e. intra-generational equity) and established the notion of limitations imposed on the natural environment's ability to meet present and future needs.

Here the emphasis was placed upon ensuring that the generations to follow have access to the same standards of living as the current generation. Arguably no longer was there a 'carte

blanche' for humankind to exhaust natural resources and to pollute at will. The United Nations has developed a working list for indicators of social sustainability (see <http://www.un.org/esa/sustdev/natlinfo/indicators/indisd/english/worklist.htm>) as listed in table 1.

Table 1. UN List of Social Sustainability Indicators

Chapters of Agenda 21 - Issue	Driving Force Indicators	State Indicators	Response Indicators
Ch3: Combating poverty	- Unemployment rate	- Head count index of poverty - Poverty gap index Squared poverty gap index - Gini index of income inequality - Ratio of average female to male wage	
Ch 5: Demographic dynamics and sustainability	- Population growth rate - Net migration rate - Total fertility rate	Population density	
Ch 36: Promoting education, public awareness and training	- Rate of change of school-age population -Primary school enrolment ratio (gross and net) -Secondary school enrolment ratio (gross and net) -Adult literacy rate	- Children reaching grade 5 of primary education -School life expectancy -Difference between male and female school enrolment ratios -Women per hundred men in the labour force	- GDP spent on education
Ch 6: Protecting and promoting human health		-Basic sanitation: Percent of population with adequate excreta disposal facilities -Access to safe drinking water -Life expectancy at birth -Adequate birth weight -Infant mortality rate -Maternal mortality rate -Nutritional status of children	-Immunization against infectious childhood diseases -Contraceptive prevalence -Proportion of potentially hazardous chemicals monitored in food -National health expenditure devoted to local health care -Total national health expenditure related to GNP
Ch 7: Promoting sustainable human settlement development	Rate of growth of urban population -Per capita consumption of fossil fuel by motor vehicle transport -Human and economic loss due to natural disasters	Percent of population in urban areas -Area and population of urban formal and informal settlements -Floor area per person -House price to income ratio	Infrastructure expenditure per capita

(Source: <http://www.un.org/esa/sustdev/natlinfo/indicators/indisd/english/worklist.htm>).

Clearly some of the indicators do not have a direct relationship to the built environment - for example combating poverty through employment or population growth rates. Nevertheless the area where real estate contributes substantially to social sustainability is in promoting sustainable human settlement development which is the precise area where poverty, demographic and human health issues interface with the built environment. Overall there are a number of important issues which arise including social justice, demographic issues and immigration. These issues have been exacerbated over the last decade by the expansion of the EU and global conflicts for example.

In European and developed countries throughout the world there are serious demographic problems on the horizon. For example there is a rapidly aging population of the so called 'baby boomer' post Second World War generation who are retiring and increasingly need to utilise health services. At the same time in retirement they will no longer produce capital. Therefore this cohort need to be supported by the industry and effort of the generations following, however there is notably a smaller population base people to support the aging boomers. In developing countries the aged need access to effective health services and affordable comfortable living conditions.

In many European countries the expansion of EU membership and an economic boom has encouraged migration from Eastern Europe to the west of Europe, placing pressure on the housing, health and education services in some areas. Furthermore the integration of the migrants also causes some local issues such as a lack of understanding and empathy with the culture and traditions of other groups. In Australia for example there has been a long standing policy of accepting immigrants into the country. The process is well managed and strictly controlled; with the history of migration among its citizens there is a reasonable level of acceptable and harmony between people from varying cultural backgrounds. Possibly the relative 'newness' of Australia as a country and the real need for migrants to work in the economy plays a part in peoples integration and acceptance.

Another emerging social issue is the low fertility rates in developed countries which have continued to decline over recent decades. The result is that in some countries the number of young people and children is very low. In Scotland as in many countries, for example, there is depopulation which has been offset by the arrival of European immigrants. As the number and proportion of elderly people increases the responsibility for their care will increasingly rest with the younger generations.

One interpretation of social sustainability that is relevant to real estate can be found in the UK government's Communities Plan (Sustainable Communities: Building for the future)

launched in February 2003. The Communities Plan established a long-term programme of action to bring about sustainable communities in urban and rural England. Housing supply issues in the South East of England and low demand in other parts of the country, including the quality of public spaces, are integral and key aspects of the plan. One way of delivering social sustainability in delivering affordable housing has been to undertake off-site fabrication of building components which in turn has accelerated construction time by 40% in one project⁶. In addition the affordable housing projects adopt environmental sustainability in the selection of building materials and design. Key workers such as lower paid health professionals, fire services personnel and teachers who work in expensive cities like London are able to apply for 'Key Homebuy Loans' which cut the cost of housing; this in turn makes it possible for these workers to leave the rented sector and enter homeownership. Note there is a shortage of housing in the UK where affordability is poor although this scheme is a catalyst to encourage lower paid workers join the real estate ladder.

Often diverse communities which cater for a range of socio-economic and cultural groups offer the best way to achieve social sustainability. For example many local parks have been renovated under the plan to encourage more community use of these spaces, further enhancing community interaction. Social sustainability is a broad concept which covers important issues of poverty, equity and health at a macro level. At the micro or community level this is translated into affordable housing schemes and measures to enhance community space for the enjoyment and use of all.

4. Affordable housing and social sustainability

It can be argued that the relatively high cost of housing affects more people than just lower income workers and/or unemployed people. Thus there are increasingly more family households simply can not afford housing. For example the birth of a new child often creates a scenario where household income is decreased, since one parent may stay at home and therefore is not able to work full-time and earn a second income. The concept of unaffordable housing is related to high housing costs which constrain the whole household budget with a variety of different outcomes as discussed here.

If households continue to buy houses with higher prices, which in turn will increase the housing loan and consequently the monthly burden of repayments due to higher interest rates. On the other hand if households are unable to afford home ownership then housing

⁶ see www.communities.gov.uk

intervention programs are needed; unfortunately the number of these programmes required is usually not adequate to assist every household. One solution is for the households to remain in rental housing however if they are unable to afford this, then they have to look for social housing. The end result is that first time buyer households will have higher housing cost burdens, which in turn will mean they remain longer at home with their parent prior to starting their first household on their own⁷.

Increased demand for the housing product is one of the driving factors why the housing market has to deal with rising housing costs, independent of whether households decide to buy or rent. In addition the level of supply remains less than the number of required homes⁸ which is the scenario observed all over Europe. This is a tremendous problem since families who are the biggest victims of high housing costs also form the foundation of society and communities. The Office of the UK Deputy Prime Minister described sustainable communities as a well integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes⁹. However the requirement is for affordable housing, therefore strengthening housing affordability is the first step towards supporting social sustainability and the second step for housing affordability is to be analysed from the viewpoint of social sustainability. But to understand exactly what housing affordability is in this context, how it can be measured and what impact affordable housing or alternatively unaffordable housing has on the social sustainability of a community will be discussed next.

4.1 Definition

Housing affordability is not a character feature; it describes the relationship between people and their living space. These relationships could be fully scrutinised by the following three questions:

1. *The affordable housing is for whom?*
2. *On which level of affordability?*
3. *How long?*¹⁰

Stone (2006) used these questions to examine to the meaning and perception of the word 'affordability'. The first question clearly showed that affordability depends largely on the individual tenant or owner situation. The second question aligns the individual affordability situation of a household in comparison to an official level of affordability, which can be

⁷ NHPAU (2008), p. 9

⁸ Office of the Deputy prime Minister (2003), p. 6

⁹ *ibid.*

described as a household burden. The final question investigates the length of the remaining time period left, namely how long the household has experienced problems with the cost of housing burden.

One of the most quoted definitions of affordability is from Maclennan and Williams (1990 p.9)¹¹ where “affordability is concerned to with securing some given standard of housing (or different standards) at a price or a rent which does not impose, in the eyes of some third party (usually government) an unreasonable burden on household incomes.” Note this definition is very general and unspecified where costs other than housing burdens are not adequately described. The focus of the definition focuses directly on the ratio of income, housing costs, other expenditures of the household and at least on eventual housing subventions¹².

Bramley (1990 p.16) had a closer look to other household expenditures less than housing and argued that humans need more than just a roof on the top: “that households should be able to occupy housing that meets well-established (social sector) norms of adequacy (given household type and size) at a net rent which leaves them enough income to live on without falling below some poverty standard”. Note that both definitions highlight the formula for measuring affordability via the relationship between housing costs and income. The following graph (see figure 3) describes this ratio measurement, where line OP is the affordability ratio of housing costs to income.

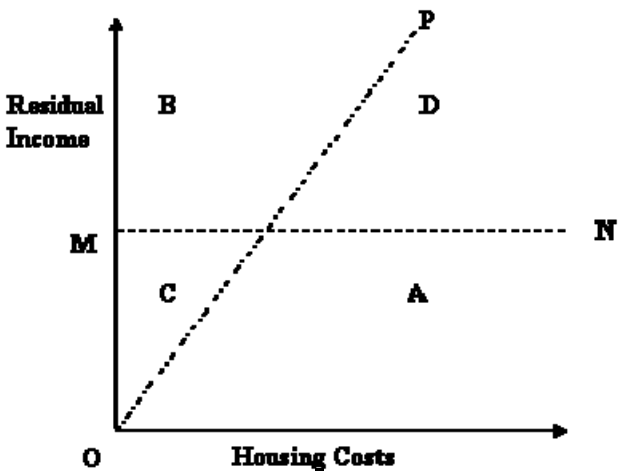


Figure 3. Comparison between housing affordability ratios and living standards measures¹³

¹⁰ Stone (2006), p. 153
¹¹ see: Chaplin/Freeman (1999), Rae Milligan (2003), Hancock (1993)
¹² Chaplin/Freeman (1999), p. 1949
¹³ Rae Milligan (2003), S. 260

Households with an affordability ratio in sector A and D have a housing affordability problem because their affordability ratio is above the line OP. However the ratio makes no distinction between households with an affordability problem because they have either (a) a low income or (b) due to a higher housing consumption. On the other side there is limited information about households which do not appear to have an affordability problem – see sectors C and B. Like some households avoid affordability by having a lower consumption of living space.

These important aspects place pressure on the residual income approach to improve the manner in which it measures affordability. The argument for a second approach to measure affordability is based on the concept that the budget for non-housing goods is linked to housing expenditure. In other words households have to pay for their non-housing goods from the monthly residual income. Therefore to measure affordability the correct residual income must be used which can only be determined after the actual cost of the housing (for living purposes) has been ascertained. Line MN in figure 3 shows residual income which is the minimum income level that a household should have remaining after paying the housing costs. Therefore if a household's housing expenditure and income proportion lie in sectors A and C, this means the household has less income than the residual housing after deducting housing living costs since it has an affordability problem using that definition of residual income.

Nevertheless both approaches confirm that households in sector A have a housing affordability problem. The rent to income ratio for households in sector D also indicates an affordability problem but they have adequate residual income remaining to pay for further expenditures. On the other side it can be questioned if the residual approach clearly shows that even without a high rent to income ratio, households could have an affordability problem in sector C. This definition of affordability highlights that measuring affordability is a complex topic which depends on variables including housing costs and income in general, as well as the remaining income left after all housing costs are paid in the form of the residual income.

4.2 Affordable housing as an instrument of social sustainability

The above concept of affordability explained what affordable housing is, what the appropriate ratio of housing expenditure to income is, what an adequate level of income is. Still remaining the interaction of housing costs and social sustainability and for what reasons. Overall housing affordability is directly related to social sustainability.

4.2.1 Housing in cities face the largest social problems

The 21st century is arguable the century of urbanization where cities attract residents because of a higher job density and increased employment opportunities, more likelihood of a higher household income and often a supposed better quality of life in comparison to rural areas. Generally speaking these are the primary reasons why the number of cities and their inhabitants has increased. In 1950 there were only 80 cities with more than 1 million inhabitants, although by 2000 this had risen to nearly 400. By 2015 this has been forecast to increase to more than 550 cities with more than 1 million people¹⁴.

During this century the absolute growth rates for the larger cities will decrease. It should also be noted that urbanization has not occurred at the same rate for all cities in every country. For example in North and South America there are numerous mega cities with more than 15 million people, being the same as in Asia¹⁵. These large agglomerations of people face big variances in their living standards; the poorest residents live in so called ghettos or slums whilst the higher socio-economic residents live together in gated communities. Beneath environmental problems these cities have social differences induced by large variations in living conditions.

In Europe most people live in urbanized areas however there are fewer metropolis type cities like London or Moscow where more than several millions of people are in one location. In Europe the highest housing prices are found in cities of northern and western Europe, especially in the capital cities. In these locations the average price per square metre often exceeds 2.000€, such as in Rome¹⁶ where the price for an apartment on average equates at 2.647€/qm in the years 2003 to 2006. Other examples on a per square metre comparison basis include London¹⁷ 4.486€/qm, Stockholm¹⁸ 3.102€/qm and Berlin¹⁹ 1.450€/qm. These landmark prices have risen shortly over the last decades and caused housing affordability to become a serious problem, not only for poorer households but also for middle classes and also for younger households. This trend is in spite of households consuming less living space in a similar manner to people living on rural land²⁰.

Although Europe does not have problems with illegal slums in a similar manner to large cities in Asia or South America, European residents have to face increasing social differences

¹⁴ Le Monde (2006), p. 34

¹⁵ *ibid.*

¹⁶ Eurostat (2009), p. 210

¹⁷ *ibid.*

¹⁸ *ibid.*

¹⁹ *ibid.*

²⁰ EU (2007), S. 95

induced by low income workers and higher unemployment rates. These developing trends affect households in the form of budget constraints which in turn influence the level of housing affordability. These aspects of social sustainability are linked to housing affordability and should closely be examined by community stakeholders and government officials, especially as living in the city becomes increasingly sought-after.

4.2.2 Poor quality living space encourages households vacate the city centre

It is important to have more family-friendly living space in city centres. The very low supply of adequate housing space in city centre causes many family households to leave and relocate to the suburbs. There is practically no sustainable development for the communities and for the economy, especially in times where the number of children becomes generally smaller and not only in the city centres.

At the stage in the household lifecycle when children arrive, this causes increased demand for living space although at the same time the household income decreases because one of the income earners are staying home as a parent. However the emphasis isn't placed only upon consuming additional living area, but rather the added pressure on the single income household budget. In turn this changed household composition causes young families to become very price sensitive²¹ which in turn may encourage them to leave the cities and move to the suburbs. Overall the increased pressure on affordable living space increases the number of movements by households either within the city or to the suburbs.

Relocating to the suburbs is often not the best solution for solving the housing problem. In many instances families would prefer to live in housing in the city, being located in the neighbourhood they know well and in close proximity to work place. However the birth of a child can change the demand of households, where there is increased preference for family houses with gardens and adequate space for children; this housing of course must have an affordable price. Family households prefer single family houses because of available space where children can play more safely, as well as the additional living space for both living and stowage which is also accompanied by overall reduced living noise²².

With reference to the availability of living space, city centres usually have a distinct disadvantage in comparison with the suburbs where the available space is limited and consequently new developments are rare. Furthermore the suburban areas contain a substantial amount of greenfield or undeveloped land which is ideal for development. It can

²¹ BMVIT (2008II), p.18

²² *ibid.*

be argued that many families would prefer to remain in the city centres which places further pressure on the demand for new housing solutions in the cities²³.

The argument for providing families with proper living space in the cities is very relevant, especially in this era when a demographic shift such as a lower fertility rates reduces the size of the workforce. Encouraging employees who have families has become an important consideration with regards to the location of many companies, since will live in areas which are best suited to their children. This aspect becomes very increasingly important in countries like Germany or Italy where demographic changes have a direct effect on society. It is critical that cities provide an opportunity for young families to combine both a young family and employment; if this does not occur the number of families with children will decrease, followed by a weakened social and economic stability.

It was been argued that young families would prefer to live near their place of employment and do not necessarily have a preference in a remote location in outlying suburbs. In addition as their children grow up there is a preference to stay where they are, simply because the relationship between the city and the family increases as the children grow. It can be observed that a lower supply of adequate living space and associated higher housing prices forces many families to move²⁴. Greenfield excess land and the separation of family and non-family households could also be addressed through additional inner-city developments with more social considerations towards affordable housing.

4.2.3 Higher cost of housing induces segregation

Overall the number of migrants in cities is forecast to increase. At present nearly 2.5 - 3% of the world's population²⁵ is living abroad and away from their home countries. However it appears the number of migrants in industrialized countries is above this average of 2.5 - 3%. Many forecasts predict that there will be positive migration²⁶ until 2050, especially in North America, Europe and Oceania. At the same time many ethnic minorities are more likely to live in poor quality homes. For example in the UK approximately 40% of households from ethnic minorities live in non decent dwellings²⁷.

This trend can be observed in many European countries. Migrants often face economic disadvantages more frequently than local citizens do; unfortunately these migrants often have poor financial assets and may be located in inexpensive city housing in poor quality.

²³ Office of the Deputy prime Minister (2003), p.6

²⁴ BMVIT (2008II), p.28

²⁵ Angenendt (2005), S.1

²⁶ *ibid.*

An added disadvantage is the spatial segregation, which encourage a lower quality of education that affects their children. Accordingly the education level of children depends largely on the family's background and their financial situation. For children with migrant parents it may be possible that a higher education deficit is due to a larger spatial segregation²⁸. To reduce the level of segregation UK has sought to strengthen the competitiveness of their cities using a set of indicators; on the other hand France implemented legislation where communities with more than 20,000 inhabitants must ensure at least 20% of the dwelling stock to be in the form of social flats. If this is not achieved then a penalty must be paid. The Netherlands actually restricted low income households from moving to problem city quarters²⁹. These provisions highlighted attempts by different countries try to reduce social segregation through housing regulations; it also confirms the attention paid to addressing of segregation in housing markets.

The availability of affordable housing in an adequate location encourages the integration of both migrant families and native citizens. This is another supporting reason why prices for family friendly living space must be at an acceptable level whilst improving the quality of the dwellings. The benefits of this scenario would include the migrant children become part of another peer group and education deficits would diminish. Through these actions the level of social sustainability would increase.

Another supporting argument why affordable housing should be encouraged in all cities is because locations with high levels of transient residents are very instable. The drivers behind relocation include higher living costs and the availability of acceptable living space, which applies to both a renting household and a homeowner. Renting households face relatively high relocation costs, which also affects children who lose their friends and find it difficult to change school or kindergarten. City districts become more stable when families are not as transient, but rather when they stay and have adequate and affordable living space³⁰.

There are two possible options which may help to address the problem of combining low and high income families in the same community. The first possible solution is for low income households to receive financial subsidies so that they can afford to live in a more expensive area. Alternatively high income families could be given incentives to move in low income areas. Both of these incentives would also be linked to better schools and child care centres.

²⁷ Office of the Deputy prime Minister (2003), p. 13

²⁸ Kocks/Güles (2009), p. 225

²⁹ Häußermann (2008), p. 123

³⁰ BMVIT (2008II), p. 43

This type of option reduces the social and physical downsizing of low income households, whilst at the same time increasing the supply of affordable housing³¹.

Another pressure which encourages segregation will also occur being the gap between younger and older residents. This is due to the rapid increase in the number of people aged 65 years and over, especially in Europe (i.e. from 16% in 2007 to 28% in 2050)³², in the US and Canada (from 12% in 2007 up to 22% in 2050)³³ and in Asia (from 6% in 2007 up to 18% in 2050)³⁴. Note this increasing numbers of older residents are in a different category from pensioners, primarily because these people, in relatively good health are seeking an active retirement.

It appears to be an emerging group of residents who are renting and would prefer to relocate from the suburbs to the city centre, since their children have grown up and left home with no other reasons to remain in the suburbs. These oldies have money and can afford expensive living areas in the core city. But city centres where just rich old people live, are not very futures. A mixture of families and pensioners would be great, because synergies between these two groups could be used. But this is also just working, if families can afford proper living space in the city centre. Families would find a nice neighbourhood with a lot of time, who could perhaps look after the children when help is needed and at the same time do find the old people connection to young people which is very healthy for lonesome ones.

A good relationship to the neighbourhood becomes more and more important for old people when their health situation becomes worse. Young neighbours could help for small things and children bring variety to old people's life. This is another important aspect because the number of oldies above 80 is also increasing dramatically and these people don't have such a good health situation as with 60 years. But this synergy effect just could work when both renter groups find proper and affordable living space next to each other. City districts where just oldies live, will vanish over time. A mixture would be good for the whole city chapter development and for a continuity in the renting situation.

³¹ BMVIT (2008II), p. 50

³² Berlin Institut für Bevölkerung und Entwicklung (2008), p. 7

³³ *ibid.*

³⁴ *ibid.*

4.2.4 Affordable housing developments and investors act social

The Brown agenda says, that economic development and the fostering of social capital, are the key to stop the destruction of the environment because the heaviest pollutions take place in the poorest regions of the world, which have the greatest social distinctions³⁵.

Over the last years do real estate investors and developers have realised that new projects have to be environmental sustainable. Nowadays it is usual to be careful of the nature, but the social sustainability of projects is far away from this point. But investors and developers have to be aware of the social liability they have when they do new housing developments or refurbishments. To follow the brown agenda, do the environmental sustainability go hand in hand with the social sustainability and the easiest way to reach aims of this sustainability sector is to be careful about the affordability of housing. In future the government can't carry the whole responsibility for the social justice on the housing market any more. But what it has done till now is also too less, in contrary to the fact, that the question of living space do influence the living decisions of families the most. The way the government chooses, to improve the living space supply for young families is just through subventions. But in the time of big finance problems worldwide, where many cities don't have any money left, must a new awareness of family friendly planning systems be fostered without any monetary subventions.

If real estate professionals begin to take care of social sustainable aspects they could use the topic of affordable living space, to fulfill the claim of the households, who don't find proper dwellings or houses. The real estate industry could also use it for their marketing. Investors with a social conscience will tend to buy portfolios with social responsibility more likely than portfolios which do just look on the rate of return. And secondly it won't take much time, till the government will force constructors by law to have a look on the social needs of households, which means affordable living space in real estate business. But to have dwellings or houses which family households can afford could become a save rental income, because these households face much more opportunity costs through moving, so they try to avoid movements and stay as long as they can in their rental houses. This is also an advantage for the rental companies because tenant changes are very expensive for them too.

But it is clear that the land prices are most of the time too high for real estate developers to do family friendly constructions developments especially in big inner cities where beneath the

³⁵ McKenzie (2004), S. 3

demand for family friendly living space, the demand for high quality and expensive dwellings is also high. Studies in Germany have shown, that just cities with a very offensive construction land policy have great wins in the family policy³⁶.

5. Conclusion

The foundation of the paper was based on the argument that social aspects are a fundamental element of sustainability but undervalued. The article concentrated on the topic of social sustainability with regards to real estate (especially housing) whilst the UN (see p. 6) sees affordability as an indicator by which to promote sustainable human settlement development. A second driver is to present housing affordability as a realistic solution to assist real estate professionals and politicians to increase social justice.

A primary reason behind the potential of housing affordability to improve the level of social sustainability in the real estate sector is the growing global urbanization. The biggest challenge for the cities will be to create and maintain prosperity whilst also ensuring social safety and reducing pollution. Social segregation between young and old or alternatively rich and poor people will increase while the number and the differences of the city inhabitants also grow. Affordable and decent living space could diminish the level of segregation. Nevertheless it is clear that segregation could not be eliminated just through a mixture of living space, because segregation is not always geographically based. Another supporting reason why affordable housing can be viewed as socially sustainable is because decent living space for families in the cities could also diminish in the suburbs; this alternative approach encourages a good mixture of all household types in the cities which is very important for a well-balanced city development.

But how social sustainability in the housing sector could be fostered through affordability was highlighted, for example, via the analysis of the Office of the Deputy prime Minister in their project about sustainable communities. They declared there are three main challenges which support housing supply and are linked to improving the affordability of housing. The first is to create conditions where private and non private housing constructors have an incentive to build new decent houses in the right places. Secondly, to supplement workers with median

³⁶ BMVIT (2008II), p. 46

income and low income households so they can afford acceptable living accommodation. Thirdly, how to make the optimal use of the current housing stock³⁷.

The key actions will therefore take place in the planning sector of planning by improving time required for construction; in case of affordable housing this is via an improved planning system which controls the type and size of new housing construction and if they meet demand. Another option towards improve the housing situation is to have a look at investment in affordable housing. For example a solution may be to allocate the allowance to convert office surplus space into housing space. This could also be achieved by supplementing key worker housing, homelessness, the use of the existing stock, home ownership and construction³⁸. Another incentive is to reform legislation for an improved delivery situation by making it clearer, to ensure that the system gives the right incentives and also encourages the best allocation of the given resources³⁹. In conclusion, chance equity and generation justice should become the action aims for developers in future projects through the viewpoint of social sustainability. This is because the rising gap between rich and poor should be closed and housing can help to achieve this.

³⁷ Office of the Deputy prime Minister (2003), p.30

³⁸ Office of the Deputy prime Minister (2003), p.30

³⁹ *ibid.*

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