THE PROBLEM OF DEMAND IN AFFORDABLE HOUSING

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Studies on affordable housing tend to focus on supply-side concerns with less attention paid to demand. In this review, we consider the problem of ‘demand’ to identify fresh perspectives and questions that will extend our understanding of the challenges associated with affordable housing. The complexities of studying ‘demand’ are drawn from a range of disciplines. From an economic perspective, ‘demand’ is a result of techno-rational choices by individual actors in the marketplace. Yet, such a linear approach runs counter to a sociological understanding, where demand is produced by complexes of social practices. Taking a linguistic turn, ‘demand’ raises questions as to how society is brought to order, and how the rhetorical discourses of affordable housing need to account for the needs of vulnerable groups of people whose voices are currently excluded in the formal ordering of requirements through social and institutional arrangements. We reflect on these three variants of conceptualising ‘demand’ to question power relations and encourage the problematising of a more inclusive society through affordable housing.

Keywords: affordable, housing, demand, review

INTRODUCTION

Globally, affordable housing has become a policy priority and topic of considerable research interest. Despite a wealth of research into affordable housing, insufficient supply which cannot keep up with the demand remains a perennial problem (Gabriel et al., 2005, Mulliner and Maliene, 2011, Gan et al., 2017). Worldwide demand for affordable housing has grown in recent decades and is expected to continue to grow each year (Wallbaum et al., 2012, Schwartz, 2013). Furthermore, the problem of poor housing affordability is becoming more acute in many cities facing rapid urbanisation and housing is, for many people, their major expenditure and critically affects the quality of life (Ezebilo, 2017). Recent economic and foreclosure crises have also led to a tight housing market that makes it difficult for many to meet their housing needs especially those in the weaker economic band. This raises the question of how the increased and increasing demand can be accommodated and tackled (Makinde et al., 2014).

In this review paper, we establish that studies on affordable housing have tended to focus on supply-side concerns with little attention given to demand. These studies tend to address the work that provider/ developers, government, and community at large perform, can and should do to improve capacity of affordable housing financing and production (Nguyen, 2005, Goetz, 2008, Tighe, 2010, Albright et al., 2013, Davison et al., 2016). Milligan et al., (2004) reviewed potential policies and strategies that would support an expansion and diversification of affordable housing models in Australia. And others have paid attention to the planning system as an alternative solution to shortage of housing

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supply (Paris, 2007, Whitehead, 2007, Gurran, 2008, Austin et al., 2014, Gurran and Bramley, 2017) with some scholars addressing barriers to promoting supply of affordable housing, such as opposition due to NIMBYISM and negative connotations associated with the term 'affordable housing'(Goetz, 2008, Tighe, 2012, Albright et al., 2013, Nguyen et al., 2013, Davison et al., 2017). There are also studies on regulatory regimes to motivate private developers’ interest in the supply of affordable housing. The use of low income housing tax credit in the US and application of Section 106 in the planning section in the UK are a few examples of how regulatory levers can enable the supply of affordable housing (Cohen, 1997, Oakley, 2008, Sidawi, 2009, Walter et al., 2017). What is lacking in these studies is concerted efforts to examine demand-side issue, including the perspectives of household end-users.

Against this backdrop, this paper revisits the concept of affordable housing from the perspective of demand. To understand 'demand', we draw on three perspectives, including economic, sociological and linguistic (discursive) to offer insights into how appreciating demand from these multiple viewpoints can stimulate fresh research questions on the study of affordable housing.

In what follows, we first provide an overview of the meaning of affordable housing and point at significant reliance on "income versus housing expenditure model" to describe affordability. We then introduce the concept of 'demand', economically, sociologically and linguistically, before discussing the potential for mobilising these lenses to examine affordable housing from a demand perspective.

What is Affordable Housing?

Despite almost daily reference in the media and significance in the research and policy documents of the need for more affordable housing, there is a little agreement about what affordable housing actually mean. The term 'affordable housing' means different things to different policy fields, depending also on the policy interests of respective governments and authorities (Mulliner and Maliene, 2013).

Bramley and Karley (2005: 687) argue that most definitions of affordable housing in the UK housing policy are centred on the phrase such as "a decent home for all families at a price within their means". Consequently, the provision of affordable housing has, in some instances such as the UK, resulted in the provision of a diversity of housing tenures for low or moderate-income households at sub-market rents or prices. However, definitions such as that proffered by Bramley and Karley (2005) leave some of the questions unanswered like what it means by a "decent" home, how different and evolving "family" structures impact on conceptions and perceptions of 'affordable housing', and what it means to live "within one's means" when there are widening inequalities. In the UK, government policy on affordable housing maintains that "everyone should have the opportunity of a decent home, which they can afford, in a community where they want to live" (CLG, 2011, p.6). Yet, the literature on 'affordable housing' also neglects spatial perspectives by implicitly assuming geographic homogeneity (Mulliner and Maliene, 2013).

Making a comparison between household income and housing expenditure is frequently a common way to define affordability. The US Department of Housing and Urban Development considers a house as affordable if households spend no more than 30% of their disposable annual income on housing cost (Nguyen, 2005, Stone, 2006). This blanket criterion has attracted some criticism for failing to consider personal preferences and choice when it comes to the provision of affordable housing (Mulliner and Maliene,
2011, Jana et al., 2016). Nevertheless, the use of a ratio of disposable income against housing costs is a standard way adopted by various governments to assess one's needs and eligibility for affordable housing.

**Antecedents of Studying Demand**

The term demand has quite a number of different meanings, depending on the perspective taken. Oftentimes, demand is used as a quantitative measure of the market from the buyer's perspective (Smith, 1951). The Oxford Dictionary notes that demand can be used as an authoritative requirement, a need actively expressing itself or the manifestation of a desire on the part of the consumers, client or employer for a particular commodity (Oxford English Dictionary online, 2018). In this paper, we consider a variety of ways of studying and interpreting demand drawn from economics, sociology, and linguistics to explore how these can enrich discussions and debates on affordable housing.

**Demand: Multiple Perspectives**

**Economics**

Demand and supply are terms which are perhaps two of the most fundamental concepts in understanding the marketplace. The terms supply and demand refer to the behaviour of buyers and sellers of a particular good or service. Together, buyers and sellers form the market for the particular commodity. The concept is best clarified in most elementary textbooks of economics. As an example and reference, "Essentials of Economics” by Harvard economist Gregory Mankiw (2009) is used.

Demand carries a broader meaning of undertaking utility for satisfaction. It shows the users' need and ability to obtain a certain product or service (Ball and Seidman, 2011, Joffe, 2017). Without demand, no business would bother producing anything. In other words, demand is typically measured as the rate at which consumers want to buy a product or enjoy the service. It consists of the desire and ability to acquire a service or product. Desire explains the test for a product and a willingness to buy at a specific price while ability means one must possess sufficient income to acquire it. The price of a product or service serves a particular importance as it makes markets work. The affordability (ability of customer to pay) makes demand effective, therefore plays a crucial part in demand (Mankiw, 2009). That is to say while consumer's desire is to purchase a product; they are limited by their ability to do so even when the need is of very high importance. Put simply, demand represents what people want and their purchasing power.

From an economic standpoint, the trade-off that consumers make between available goods and services when allocating scarce resources of time and money is very important and makes it very critical to be addressed (Garber-Yonts, 2005). There is an assumption that during purchase, consumers make sensible, rationale choices of utility maximization which originate from Narasimhan work (Parsa and Njite, 2008). Taking such a rational view implies that buyers can exercise their freedom in the framework of a free market. In the context of affordable housing, where those who demand such commodity are often vulnerable segments of the population who live on the margins of society with low or no income, this freedom is questionable.

It is also well established that not everyone can afford certain type of products that they desire due to a wide distribution of disposable income in society which creates different purchasing power (Mankiw, 2009). Those with high purchasing power have more control on demand and may afford luxury high price goods. It is a different story for those in weaker economic segment who often are vulnerable and marginalized as demand is a
matter of desire and affordability. Most households may be considered ineffective in demand simply because they have less power to influence and acquire their needs and are automatically excluded from the housing market. The power dynamics similarly affects what is being produced in terms of housing and mostly reflects those with high purchasing power (Joffe, 2017), making vulnerable more helpless and left out. Past and current records have shown that the market and private housing developers that primarily comprise it, cater mainly to upper income households and do not build adequate housing that is genuinely affordable for low- and many middle-income households. From an economic perspective, ‘demand’ is often framed in quantitative terms where balancing supply and demand results from rational, technological choices made by individual actors in the marketplace. Yet, such a linear relationship runs counter with other social economic view.

Sociology
Sociologically, demand is framed as a product of social practices by which demand is produced and reproduced. Through such a lens, demand is less of a quantitative measure of output. Rather, society demands commodities such as housing to serve a wider practical function (for instance, of sheltering oneself from the elements of weather, of living, of raising a family, of subsisting or working, and so forth). Shove and Walker (2014: P48) describe social practices as “recognizable blocks or patterns of activity that are filled out and enacted by practitioners, that is, by those who do, and who, in the enactment and performance of these doings reproduce, transform and perpetuate the practices they carry”. Certainly, social life, emerges as part of a mesh of practices and depends on material arrangements (Shove and Walker, 2014). A number of social issues will influence one's desire for a particular housing. Studies have shown that household’s link acceptable social amenities and mobility to their choice of housing and therefore the social view of demand for affordable housing cannot be ignored.

Different social practices condition the life of vulnerable people. These groups including members of ‘the working poor’—those employed in low wage, often casual service sector jobs are often trapped on these social and institutional arrangement and found themselves in a viscous circle of poverty that they cannot get out (Berry,2003). Taken as a whole, vulnerable groups are more likely than the rest of the population to live in poor localities (in so-called ‘Ghettos’) that are far from the decent job market, resource poor, and deprived neighbourhood, be unemployed, have low incomes or no income, live in poor housing, have poor health, and be the victims of crime due to unaffordability (Watt and Jacobs, 2000).

Vulnerable people are stuck as they have limited choice and power and therefore they cannot leave for better places. This in turn affects their ability to improve their health, education, income and reputation and repeat the vicious circle of poverty. To tackle the issue of affordable housing one may need to understand social systems and the kind of practice that needs to be in place to get these vulnerable populations out of the trap of poverty. Any change to these practices would result the change of demand for affordable housing, and we should aim at positive changes with positive results to the venerable households.

Linguistic
The etymological roots of the term "demand" comes from the Latin words -de- meaning formally and -mandare- which means to order (Oxford dictionary, 2018). Thus, demand can imply to formally order. This imply that demand is not simply defined by exogenous forces of the market in the economic lenses but raises questions as to how society is
brought to order and being able to formally placing a request or making an inquiry of things that matters to them.

Understanding demand raises the need to examine ways in which vulnerable segments of people in society may be excluded from formally ordering their requirements through social accounts like housing. Vulnerable population is a subgroup in societies who are in need of special care and support as they are socially and economically deprived. These households may include for instance homeless and workless, working but homeless, transient (e.g. Refugees), other minority groups most cases are of low income and those in work and housed but struggle due to housing stress. These different constituents of vulnerable people are not homogeneous and stable, thus represent different needs in demand for affordable housing.

From a linguistic point of view there is a question of "to formally order". You can only order if you have the power to order. The difference in power dynamics by households' influence ability and urgency to demand and the vulnerable groups might have different and perhaps difficult experience in the process of demanding their needs and rights for housing due to less power. The ability to pay is conditioned by how much money an individual has and how the money is spent. Increased demand of affordable housing can be seen as threat to social order and cohesion as the vulnerable are increasingly being pushed to the back of the housing queue (Berry, 2003).

**Demand in Affordable Housing Context**

The problem of affordable housing is not limited to supply but also demand. People miss housing because of high cost that they cannot afford. Affordable housing is not an isolated challenge as it affects other aspects of life such as economics, psychological and social (Schwartz, 2016). Housing demand is the number of dwelling units that are actually needed by the people at a particular point in time, while housing supply is the number of residential units that are provided by the key players in the accommodation provision (Makinde *et al*., 2014). Whitehead (2007) discusses that in practice, in what is clearly a very suboptimal world, neither demand nor supply properly reflect real resource costs and there are therefore many potential opportunities to improve outcomes. Whitehead (2007) recommends modifying demand by either reducing net incomes or decreasing relative price of housing to address affordability. Yet, (Gurran and Bramley, 2017) suggest that building more housing units is not a sustainable solution, so price control is not the answer to affordable housing. This may imply potential in the multi dimension of demand tied together in social practice and institutional arrangement and practice that condition and operate affordable housing market to realise and contribute to minimise the problem of affordable housing.

Literature has ample evidence on how vulnerable households are faced with the problem of affordability. They are the first group that spend more than 30 percent (in most cases more than 50%) of their income on housing and suffer acute affordability stress (Mulroy and Ewalt, 1996, Hamidi *et al*., 2016). They fail to formally order both housing and non-housing requirements. It is not surprising that different vulnerable households are more likely to fall victim to these pressures of housing costs burdens and as a results they are forced to make a difficult trade-offs in other social aspects like health and financial stability, food and clothing, transport and retirement saving (Hsu, Jenny, 2016) as housing is an asset so expectations matter (Barker, 2003). This category also heavily depend on public transport since their income is not sufficient to own private means of transport (Welch, 2013). Since the vulnerable cannot formally make a request on socially acceptable standard house in a potentially good location, they are forced to live in the
outskirt and spend additional time and money in transport to work and in search of other social services (Fisher et al., 2009). It can be argued that, in order to bring society to order, the demand side of affordable housing needs to be looked in critical lenses.

From the sociological point of view, it can be inferred that demand for affordable housing is increasing due to changes in some social practices and trends; for instance, getting married and home. One could argue that, currently it is very easy to be single especially in the western world by either not getting married or forming civil partnership (formally or informally). Baker (2003) argue that change in demographic formation characterised by single family households, increased divorce, improved life span and general population increase translate to extra accommodation need hence increased demand for affordable housing. It is by no means suggesting that getting married or more civil union will resolve the affordable housing crisis, yet it point out issues which need serious consideration in the planning and execution of affordable housing that reflect the current and future need of their expected households which are not homogeneous even to vulnerable groups.

Certainly, taking the economic view of demand, low income and vulnerable households are excluded from the effective demand as they desire for better and affordable housing but lack purchasing power which is fundamental in the transaction. This group tend to have less power to claim on this fundamental right of having a good shelter even though their needs are way too high in comparison to the less vulnerable. It is important to examine the differential impact of variable social conditions, the actual power over access to houses. Consideration of social position per se, the interaction between low social power and the attitude of powerlessness in conjunction with crowding should be carefully studied.

Moving Forward Toward Demand: Fresh Perspectives on Affordable Housing

The purpose of this paper is to revisit past approaches and recent developments in demand. We argue that the problem of affordable housing is partly rooted in the problem of demand; how demand is conceptualised defined and interpreted. Shifting our emphasis on demand will refocus our attention on the needs of the households and how they can be empowered to exercise their voice in framing their requirements for such a basic need as housing. By accounting for the needs of those whose voices are often marginalised in institutional accounts of what ’affordable housing’ should entail. It is hoped that this would raise standards, rather than engage providers of affordable housing in a race to the bottom.

By framing demand through the three perspectives of economic, social and linguistic concerns, a number of theoretical and methodological questions are raised. For instance, when thinking about the needs of the vulnerable people as end-users, there is the question of "who really speaks for the end-users? Do those who demand affordable housing really have a voice, and how is that voice exercised? Often these vulnerable populations tend not to speak for themselves. Instead, their needs are spoken for or tend to be spoken to or at by other people who (supposedly) represent them. Examples of these representatives include housing associations, charities and the local authorities, many of whom may not have experienced first-hand the problems of living in indecent homes and finding affordable housing.

From a behavioural, social practice standpoint, questions are raised as to how the needs of vulnerable people are formally and informally put to order. The supply and demand of affordable housing is not just a question of quantity, but also a question of quality of that
housing (Mulliner and Maliene, 2011). To this end, there are few studies on how requirements for quality of affordable housing are co-produced with the end-users. This is despite growing recognition of the importance of co-production of knowledge between service providers and service users. In the view of what demand is from different perspective, it might not be of essence to neglect the end user (demand side) as it is often stresses that consumption is the sole end and purpose of all production; the interest of the producer out to be attended to only so far as it may be necessary for promoting that of the consumer (Smith, 1951).

Opening up the study of affordable housing to these dimensions while looking at various needs of vulnerable users will possibly inject fresh insights. Often times the vulnerable groups are assumed to be homogeneous but that may not be the case. Plurality understanding of these group and see if their perspective on demand for affordable varies is certainly crucial.

From an epistemological standpoint, a re-focus on demand for affordable housing also raises the question of how researchers, industry stakeholders, policy-makers and practitioners can access the needs of vulnerable populations. Often times these segments are hard-to-access because they are relatively invisible to the mainstream. Giving the vulnerable populations voice, and more crucially, getting the voice heard and listened by those who supply affordable housing remains a fundamental challenge.

Based on this review, understanding demand for affordable housing goes beyond a techno-rational approach often driven by quantitative and economic judgements. There is a need to lay open the understanding of demand by studying the social practices, power dynamics and institutional arrangements that condition and constrain the provision and access of affordable housing (Shove et al., 2015).

**CONCLUSION**

The opening argument of this article stemmed from the dissatisfaction of the far too many foci on the supply side of affordable housing discussion. That is regularly researchers tend to emphasise alternative ways of increasing supplying of housing which often times do not meet the need of the most intended groups. The research has been quantitative hence overlooking the social understanding of affordable housing. This paper has therefore contributed by opening up some possibilities of looking more critically on the demand perspectives through inter-disciplinary lenses of economic, sociology and linguistic. Housing costs have increased with significant implications for access to adequate and affordable housing, particularly for vulnerable groups.

It is thought that affordability can be improved by shifting our focus into the demand side (users) and improvement of purchasing/renting power of vulnerable households together with institutional arrangement to represent their desire. We argue that housing is a form of social and public demand which should attract more innovation and be improved through demand side approaches. Still, with limited supply, policy to improve demand may produce less fruits.

While the government and policy maker’s concerns are to increase supply and quality of affordable housing in the market and keeping its cost at minimal, developers on the other hand want to expand their investment return and earn more profit. Yet, residents, neighbours and households desire homes that showcase their lifestyle, aspiration and their ability to pay and access them (affordability) and this should be the focus of affordable housing policies and practices.
REFERENCES


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