A wicked problem

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In the 1970s, US-based academics Horst Rittel and Melvyn Webber wrote a paper contrasting the ?tame? problems of science, which they said were resolvable through the calm application of scientific rationality, with the ?wicked? problems of the social world, which are difficult to decode and resistant to any solution

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One important marker of a wicked problem is that its interpretation will be coloured by political leaning. The housing crisis, for example, is presented by some as mainly a failure to extend asset ownership in support of economic growth; but more broadly, by others, as a failure to provide the right to decent and stable homes in locations well connected to schools, jobs and social opportunity.

More generally, there is a split between those who present housing outcomes as a product of too much state intervention ? mainly planning regulation ? and those who attribute housing inequality to the excessive freedoms of the market, such as the movement of money across borders, the rapid expansion of mortgage lending, and not enough state intervention in the form of good-quality public housing and good planning. In England, a number of key narratives are used by different observers to explain the housing crisis.

?People with a particular political outlook blame the planners, greedy developers, foreigners or the retreat from welfare?

Behind the housing crisis

First, too few new homes are being built for a mix of reasons ? including a slow and locally politicised planning process, and the failure of housebuilders to get on and provide the housing we need, for a long list of reasons centred on business models.

Second, the housing market is too open to overseas investors and this form of direct consumption is driving a cost crisis and accentuating the tensions arising from a lack of new supply.

Third, we?re too reliant on private housebuilding and private consumption. The loss of a public housing component is core to the current housing crisis; this includes the right to buy introduced in 1980 and the lack of new council housing over the past 40 years.

Fourth, there is a lack of plurality in the private sector. Too little space for SMEs and too much volume-build and self-build means a low level of systemic resilience: a cycle of boom and bust driven by investor behaviour, funding and finance unsuited to niche providers and smaller development opportunities being missed.

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Fifth, the tax system is gumming up the housing market. Upfront costs such as stamp duty payable on purchase are too high and, at the same time, the way we tax the unearned income from housing, relative to other assets and to work drives overinvestment and the cost crisis.

And sixth, it?s all about credit and debt: credit supply, in the form of domestic mortgages, pushes up asset prices, while debt trading fuels the supply of credit, making for a crucial and problematic circularity at the heart of our relationship with housing.

This final explanation captures an essential argument: that housing has become caught up in a set of economic processes that now substitute for growth built on increased labour productivity. It is vital to understand the links between these core narratives, and that there are supply, consumption, welfare, tax and credit?debt dimensions to the housing cost crisis.

Accepting the inherent wickedness of our housing plight means acknowledging the complexity and connectedness of many underlying processes, from supply through credit expansion to patterns of consumption, and avoiding simple answers that ignore the role assigned to housing in modern economies ? as a place to park wealth for the few, to the detriment of a great many households.

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Further information

- Related competencies include: Housing strategy and provision , Spatial planning policy and infrastructure
- This article is taken from the RICS Land Journal (January/February 2020)
- Related categories: Planning and develpment management

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