

**30.8.2019, 17:00-19:00**

## **Affordable Housing Debate**

@tafkaoo architects

### **17:00 Introducing event, topic and concept of debate** → Moderator

- Hi everyone, I'm Joakim, responsible for tafkaoo's Helsinki office and also the moderator of today's debate
- As all of you might know from the opening words and the invitation, we are also here to follow up our Helsinki office opening last year, where we did something similar to this upcoming debate
- Together with our partners we compiled an affordable housing cost comparison ([https://issuu.com/tafkaoo/docs/affordable\\_housing\\_rent\\_7\\_5\\_eur\\_m2](https://issuu.com/tafkaoo/docs/affordable_housing_rent_7_5_eur_m2)) between Austria, Germany and Finland and hosted a panel discussion about the topic
- It was eye opening and highlighted several differences between the countries, starting from processes and ending in rents that are paid by the residents
- During the last year we have continued this research and discussion (<https://twitter.com/MariaKlem/status/1129676688885985280>)
- We have really tried to dig in deeper to the root of this discussion and clarify it in a way that would be better understandable for all of us together
- After the cost comparison we continued with diving into comparing housing plot processes and policies ([https://issuu.com/tafkaoo/docs/helsingin\\_ja\\_wienin\\_mallit\\_v\\_0\\_0](https://issuu.com/tafkaoo/docs/helsingin_ja_wienin_mallit_v_0_0)) and finally ending up on a more top level comparing housing policies in general
- From that we also got our motion for today's debate

*"to solve affordable housing in an urbanizing world, we should make housing publicly controlled infrastructure instead of letting the market solve it"*

- Wikipedia defines affordable housing as "Housing which is deemed affordable to those with a median household income or below." ([https://en.wikipedia.org/wiki/Affordable\\_housing](https://en.wikipedia.org/wiki/Affordable_housing))
- A commonly accepted guideline for housing affordability is a housing cost that does not exceed 30% of a household's gross income
- YLE just published Pellervon Tauloustukimus's research (<https://yle.fi/uutiset/3-10928722>) on Finnish housing costs that showed how low and middle income households in Finland pay between 17-45% of their income to housing
- This shows that in some Finnish situations it is not bad at all but then again in some situations there's room for a lot of improvement
- Then again this discussion is not only about Finland and as our motion states, the perspective is on the still heavily urbanizing world
- UN projects that the current urban population of 55% will increase to almost 70% by 2050 (<https://population.un.org/wup/Publications/Files/WUP2018-Report.pdf>)

- This means 2.5 billion new urban residents in 30 years
- Another related aspect is that many housing discussions focus on the existing housing stock as usually only 2% of the real estate market is represented by new construction ([https://en.wikipedia.org/wiki/Real\\_estate\\_economics](https://en.wikipedia.org/wiki/Real_estate_economics))
- But even if only 2% of the housing today can be affected by new construction, it will add up during the years
- What do we need to do now in order to make the whole housing stock affordable both now and on a longer term?
- Let's continue breaking down the motion
- "housing as publicly controlled infrastructure" or just in short "public housing" or "social housing"
- To clarify the term, public housing is a form of housing in which the property is owned by a government authority ([https://en.wikipedia.org/wiki/Public\\_housing](https://en.wikipedia.org/wiki/Public_housing))
- Then there's social housing which is any rental housing which may be owned and managed by the state, by non-profit organizations, or by a combination of the two ([https://en.wikipedia.org/wiki/Public\\_housing](https://en.wikipedia.org/wiki/Public_housing))
- When we here talk about "housing as publicly controlled infrastructure" we mean either of these two
- Some argue that public/social housing is a bad idea because it is unequal and inefficient (<https://www.mustread.fi/artikkelit/kohtuuhintainen-asuntotuotanto-osa-1-miksi-kohtuuhintainen-asuntotuotanto-on-huono-ajatus/>)
- There are certainly challenges in distributing public/social housing equally among those who need it most
- However, this argument assumes that the supply of housing is constant, which in our urbanizing world it most often is not
- It is worth mentioning that all public/social housing opposers do necessarily not oppose the idea of public or social housing in an ideal situation where there would always be enough supply of housing to cater all the demand
- Coming from this is also the argument that there is no known situation where there would be enough supply of housing to maintain a sustainable public/social housing ecosystem
- And that is why, according to some, subject subsidies are better, in other words let's rather give money to people so that they can pay their high rent instead of producing public/social housing to a limited maximum cost for the resident
- Then again subject subsidies are criticized for among other things increasing housing cost further and making the whole economy more passive and unequal
- Where a public/social housing opposer might say that we should sell all housing plots to the highest bidder, use the money for rent subsidies and eventually lower the tax for all of us, a public/social housing supporter might claim that a financial speculation object can never reach its full potential in affordability and that lower rents through public/social housing will save money for people to use elsewhere, which in turn empowers the whole economy in a more active way
- There are many places in the world where a large part of housing is solved as "publicly controlled infrastructure"
- To our knowledge the top spot is held by Singapore, where over 80% of the population lives in public housing ([https://en.wikipedia.org/wiki/Public\\_housing\\_in\\_Singapore](https://en.wikipedia.org/wiki/Public_housing_in_Singapore))

- Other examples are the Netherlands, Austria, Denmark and Hong Kong where 20-35% of people live in public or social housing  
(<https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf>)
- What is housing like in these countries and why have they ended up investing heavily in public/social housing?
- The other extreme is represented by Czech Republic, Estonia and Latvia where less than 2% of the population live in public or social housing  
(<https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf>)
- Then there are places that, by many of us, is considered as good places to live, where affordable housing is left mostly to the market to solve
- In addition to the previously mentioned three extremes, Luxemburg, Portugal, Japan, Germany and Canada are all countries where over 95% of the housing is free market based  
(<https://www.oecd.org/els/family/PH4-2-Social-rental-housing-stock.pdf>)
- In Finland, about 16% of the population lives in public/social housing  
(<https://www.ara.fi/fi-FI/ARAasuntokanta>)
- Finally to break down the motion we have the word “market”, which here means privately financed housing
- There is a lot of discussion about whether housing should be a market product subject to financial speculation or rather serve some other purpose that is based more on providing shelter and a home for all humans
- Or can it be both? This we hope to get some answers to in the debate..
- Before starting the debate, let’s introduce the concept of the debate
- It’s based on the traditional Oxford-style debate format, with one side proposing and the other side opposing a sharply-framed motion
- First we ask the audience to vote on the motion
- Then we proceed to 7 minute opening arguments held by each debater
- After that we will have a moderated discussion including audience Q&A
- This is followed by 2 minute closing arguments held by each debater
- After that the audience votes again
- The winner is declared in two categories: firstly by the majority and secondly by which team has swayed more audience members between the two votes
- I’ll end my introduction by quoting two parties representing both sides of the motion
- I will start with a quote by Nicole Gurran, a housing researcher at Sydney University who, in her TED Talk (<https://www.youtube.com/watch?v=TWmszutZJkg>) says:

*“The housing market has become a competitive sport, where the winners make the most money and the losers are first home buyers and low income renters. We need to think about housing not as investing in real estate, but as investing in community. ... Rather than potential profit, we need to revalue homes for their purpose as a place to live.”*

- And then from the other side, quoting Finnish economist Heikki Pursiainen’s article “Why public/social housing is a bad idea”  
(<https://www.mustread.fi/artikkelit/kohtuuhintainen-asuntotuotanto-osa-1-miksi-kohtuuhintainen-asuntotuotanto-on-huono-ajatust>):

*“Public/social housing is an unequal and inefficient housing subsidy. Unlike housing allowance (asumistuki), it reaches only a fraction of the low income groups. In fact, it lowers the wellbeing of the ones left outside the system by raising their cost of housing and forcing them to live in a smaller space.”*

- Followed by these statements, let's proceed to audience vote 1

### 17:15 Audience vote 1 → Moderator & Audience

- Audience votes based on their pre-debate thinking about the motion

### 17:20 Introducing debaters → Moderator

- Debating for the motion we have **Hanna Dhalmann**, Doctor of Philosophy and Deputy Director at The Housing Finance and Development Centre of Finland ARA (<https://www.ara.fi/en-US>)
  - ARA is a governmental agency of the under the supervision of the Ministry of the Environment with the task of implementing national social housing policy
  - ARA is also an expert partner, developer and moderniser of housing and promotes ecologically sustainable, high-quality and reasonably priced housing
- With Hanna debating for the motion we have **Otto Höller**, co-founder at tafkao architects and CEO at LiM Living in Metropolises SCE (<https://www.ef-l.eu/our-projects/lim/>)
  - LiM is a project dedicated to developing a European housing cooperative
  - LiM hopes to share expertise on a European level, promote innovation on the European housing market, respond to political demand to provide affordable housing in cities, and provide housing for middle income groups
  - The project has started off with 29 apartments in Berlin that are currently about to be constructed and they will be finished approximately around the fall of 2020
- Then going to the other side, debating against the motion we have **Markus Myllymäki**, CEO at Toivo Group (<https://www.toivo.fi/>)
  - Toivo Group is a new Finnish real estate investment house with the goal of producing 2000 affordable rental apartments to Finland
- With Markus, debating against the motion we have **Roger Wessman**, an economist formerly working for Nordea and Evli banks, currently entrepreneur, lecturer and columnist and also writer at the MustRead online publication platform (<https://rogerwessman.com/>)
  - For MustRead Roger has among other things written an article headlined “Vienna’s Housing Miracle Fades In Closer Inspection”

### 17:25 Opening arguments max 7 min/debater → Debaters

- Roger Wessman...
- Hanna Dhalmann...
- Markus Myllymäki...
- Otto Höller...

### 17:55 Moderated discussion with debaters → Moderator & Debaters

The discussion will, as a starting point, be based on the questions below, but can also be impacted by debater opening arguments.

#### TO SUBSIDIZE HOUSING PLOTS OR NOT?

- One question I would like to ask all of you debaters is if it really can work optimally with a mixed system where a part of the housing is subsidized and a part is free market based - like it is in most places in the developed world
- Let's take Helsinki as an example
- The city of Helsinki has recently, partly based on research made by the Helsinki School of Economics (<http://www.hse-econ.fi/tervio/tontit/>), made a political and strategic decision to maximize the income to the city from plots by renting and selling as much as possible to the highest bidder, rather than subsidizing eg housing plots  
(<https://dev.hel.fi/paatokset/media/att/37/37702303d6c58f005e6858a291eb5d806a3c95d0.pdf>)
- At the same time Helsinki's housing policy emphasizes mixed financial and management models, of which state supported subsidized housing is a relevant part  
([https://www.asuntoreformi2020.fi/storage/files/Asuntoreformi2020\\_kilpailuohjelma\\_20180906.pdf](https://www.asuntoreformi2020.fi/storage/files/Asuntoreformi2020_kilpailuohjelma_20180906.pdf))
- Helsinki states that it wants to maximize plot rental/selling income and will still continue to subsidize housing plots for public and social housing
- For the sake of affordable housing, can a city really have it both ways or should we rather be more radical and focus on either or? Can this kind of contradiction really be fruitful in the long term?

#### WHAT IMPACT DOES FINANCIAL DEREGULATION HAVE ON AFFORDABLE HOUSING?

- Another question is about our deregulated financial markets ([https://en.wikipedia.org/wiki/Big\\_Bang\\_\(financial\\_markets\)](https://en.wikipedia.org/wiki/Big_Bang_(financial_markets))), what is their impact on housing and what role do they play in either enabling or hindering affordable housing in an urbanizing world?

#### **18:15 Audience questions** → Moderator & Debaters & Audience

- Moderator asks audience to join with questions that will be, depending on the question, directed to all or specific debaters

#### **18:35 Closing arguments max 2 min/debater** → Debaters

- Hanna Dhalmann...
- Markus Myllymäki...
- Otto Höller...
- Roger Wessman...

**18:45 Summarizing debate** → Moderator

- Moderator summarizes debate and reminds about the motion

**18:50 Audience vote 2** → Moderator & Audience

- Audience votes based on their post-debate thinking about the motion

**18:55 Counting votes and announcing the winner** → Moderator

- Votes are counted and winners are announced in two categories, firstly the team who got the majority of the votes and secondly the team who has swayed more audience members between the two votes