

When the global housing crisis meets a global pandemic: a social tragedy

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“Stay at home”, advised as key in the fight against COVID-19, implies there is a home to stay in. But in absence of prompt, extraordinary measures to support income and mitigate the social impact of the crisis, many millions around the world will be evicted or dispossessed as they become unable to pay their rents and mortgages. Shockingly, some are now even losing their accommodation because of the stigma associated with having fallen ill with the virus or because they work in frontline public services such as doctors and nurses.²

Well before COVID-19, the lack of affordable homeownership and rentals had already pushed

a majority of workers – including those in vital services such as healthcare, social and elderly care, waste services, public transport and education who are now celebrated as ‘heroes’ – to the edge or outside of their cities, forcing them to endure long commutes and often to live in precarious conditions with scant access to the same services they provide to those that can afford to live in more affluent areas.³ While housing inequality has long been a harsh reality for millions in emerging economies, it is now increasingly common in high income ones, too, including where public and social housing stock and services used to exist. Sample data are telling: in 52 out of 102 countries, workers with an average salary must save their whole income for 10 years to be able to purchase accommodation in the country where they live.⁴

In Canada, real estate prices in the Greater Toronto area increased by 425 percent over the last 30 years, whereas median household wages increased only by 133 percent.⁵ According to the Australian Council of Trade Unions (ACTU), 28,600 full-time workers were homeless, 16.5 percent of the country’s total homeless population, in 2018.⁶ These data show that even in high-income countries, full-time, permanent work is no guarantee of access to affordable and adequate housing.

Housing is enshrined in the Universal Declaration of Human Rights as essential to the right to an adequate standard of living and well-being.⁷ For the former UN Special Rapporteur on the Right to Housing Leilani Farha, “housing is a human right and a primary human need, not a commodity”.⁸ It also appears

1 This box is an extract of a paper published by PSI in August 2020, see <https://bit.ly/3hInbc>.

2 N. Sharma, “Stigma: the other enemy India’s overworked doctors face in the battle against COVID-19,” 25 March 2020, <https://qz.com/india/1824866/indian-doctors-fighting-coronavirus-now-face-social-stigma/> and “‘Merci d’aller vivre ailleurs’: des soignants considérés comme des pestiférés par leurs voisins,” *Nouvel Observateur*, 25 March 2020, <https://www.nouvelobs.com/coronavirus-de-wuhan/20200325.OBS26571/merci-d-aller-vivre-ailleurs-des-soignants-consideres-comme-des-pestiferes-par-leurs-voisins.html>

3 PSI, “Ten Points for Fair Cities and an Inclusive New Urban Agenda”, 2016 and R. Pavanelli, “After the applause is time to rebuild global public services”, 23 *The Guardian*, June 2020, <https://www.theguardian.com/society/2020/jun/23/after-applause-time-rebuild-global-public-services-covid-19>

4 F. Gertten, “The Push,” documentary, Sweden 2019 official trailer, <https://www.youtube.com/watch?v=2iLWpuZrd-I>

5 *Ibid.*

6 ACTU, “Nearly thirty thousand working full-time but homeless,” 25 July 2018, <https://www.actu.org.au/actu-media/media-releases/2018/nearly-thirty-thousand-working-full-time-but-homeless>

7 Art. 25, Universal Declaration of Human Rights, UN, 10 December 1948, <https://www.un.org/en/universal-declaration-human-rights/>

8 <http://unhousingrapp.org/>

as a priority target in global policy frameworks, including the Sustainable Development Goals (SDGs)⁹ and the New Urban Agenda.¹⁰ States have committed themselves to uphold it and are responsible for its implementation. Yet, many governments have overlooked their housing responsibilities for decades, relying instead on private developers, real estate investors, foreign aid and charities to provide much-needed housing solutions to their people.

Over the past decades, housing has become financialized and a favourite target of large private and corporate investors, banks, private equity and pension funds. These actors have used it as an asset to park capital or seek new profit outlets as margins in traditional investment in production and services declined and bank interest rates stagnated. Property investment has also become a favourite avenue for money laundering via a triangular scheme through which organized crime sells at inflated prices legally acquired apartments, buildings, hotels, restaurants, to its own offshore companies, thereby maximizing bleached money

9 SDG 11, Target 11.1: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums", <https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-11-sustainable-cities-and-communities.html>

10 New Urban Agenda, Habitat III, Quito, 2016, <http://habitat3.org/wp-content/uploads/NUA-English.pdf>

amounts.¹¹ In 2016, the global value for residential real estate was valued at US\$ 163 trillion, more than half of the value of all global assets and more than twice the world's total GDP.¹² This trend has caused land and housing prices to soar, making cities unaffordable for the locals, pushing dwellers and workers to the outskirts or expelling them from cities, leaving the most vulnerable in the streets, while homelessness has been criminalized in many places.¹³ The rise of mass tourism and the popularization of online short-term rental platforms have exacerbated this phenomena.

Where they existed, public and social housing services have been scaled down or liquidated. Governments embracing

neoliberal policies have encouraged housing market deregulation and the sale of public housing and land stocks of local governments by promoting – and in some cases subsidizing – their private purchase through tax breaks and low-interest loans. The generalized failure to address real estate speculation at a national and global level has further resulted in the sale of housing stock, leading to deeper urban gentrification, social segregation and inequality in many cities and metropolitan areas worldwide. In the aftermath of the 2008 financial crisis, Madrid sold over 1,800 social housing units to the private equity firm Blackstone for EUR 128.5 million. As of 2018, the value of those same apartments had risen by 227 percent.¹⁴

11 Italian writer Roberto Saviano, quoted in O. Wainwright, "Push review – a whirlwind tour of rocketing rents and personal tragedy," *The Guardian*, 10 September 2020 <https://www.theguardian.com/artanddesign/2019/sep/10/push-film-review-leilani-farha-global-housing-crisis>

12 L. Farha, "Commodification over community: financialization of the housing sector and its threat to SDG 11 and the right to housing," SDG 11, Spotlight on Sustainable Development 2017, https://www.2030spotlight.org/en/book/1165/chapter/11-commodification-over-community-financialization-housing-sector-and-its-threat#footnote2_noylulk

13 National Law Centre on Homelessness and Poverty, "No Safe Place. The Criminalization of Homelessness in U.S. Cities," USA, 2019, https://nlchp.org/wp-content/uploads/2019/02/No_Safe_Place.pdf and V. Kovács, "The war on rough sleeping. On the Criminalisation of homelessness in Hungary," *Eurozine*, 12 November 2019, <https://www.eurozine.com/the-war-on-rough-sleeping/>

14 L. Farha, "When governments sell out to developers, housing is no longer a human right" *The Guardian*, 29 February 2020, <https://www.theguardian.com/commentisfree/2020/feb/29/governments-developers-housing-human-right> and F. Caballero, "La venta de 1.860 viviendas sociales a fondos buitres que condenó al Gobierno de Ana Botella," *El Diario*, 29 December 2018, https://www.eldiario.es/madrid/cronologia-viviendas-celebracion-perjuicio-municipales_1_1768572.html