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# Pricing or Prizing? The Valuation of Need in a Crisis of Housing Affordability

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## ABSTRACT

The concept of affordability in housing policy signalled a critical shift away from the priorities of housing need. This displacement of need by affordability can be understood as an act of economic valuation in which market price becomes the standard against which housing policies are measured. In this article I draw on John Dewey's neglected theory of value to examine the relation between price and need. I apply this theory to an investigation of the assessments of housing need carried out by municipal authorities to establish quotas for the delivery of affordable housing in England. I argue that the shift from need to affordability has separated the concept of value from the process of valuation and resulted in a displacement of housing policy goals. I conclude that the systemic failure to address affordability problems in global housing markets should direct our attention to the failure of price to adequately value a prized goal of public policy.

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Affordability, affordable housing; housing need; price; valuation; Dewey

## Introduction

One notable shift in housing policy, wrote the economist Christine Whitehead, has been away from housing need and towards the concept of affordability (Whitehead 1991, 871). The assessment of need posits a desired end or goal of housing policy – the universal provision of adequate housing regardless of ability to pay. Affordability, by contrast, is concerned with the price of housing and the ability of households to meet their housing costs. The displacement of need by affordability can be understood as an act of economic valuation in which market price is made the standard against which housing priorities are measured. A goal that was once prized has now been priced, to use the play on words employed by John Dewey (1939). This wordplay is instructive because it illustrates the double meaning implicit in valuation: the distinction between a thing that is valued, prized, or held precious and an act of appraisal that implies objective measurement. Are the two separate or are they complementary? In his distinctive *Theory of Valuation*, Dewey (1939, 25) argued that these dual activities could indeed be compared, and that the activity of pricing could be understood, and evaluated, as a means to a prized end or goal.

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My aim in this article is to apply Dewey's argument to the shift from housing need to affordability, to examine the relation of means to ends, and to evaluate the outcome. I present an appraisal of affordability, and affordable housing, as a valuation of a prized goal: a means to the end of addressing housing need. I contend that the systemic failure to address affordability problems in global housing markets should direct our attention to this act of valuation through which the priorities of housing need are priced.

This article seeks to contribute to the global debate on housing affordability with an analysis that brings the sociology of valuation and the sociotechnical construction of price to a topic traditionally the preserve of neoclassical economics. While considerable attention has been paid to the task of defining affordability (for example: Meen and Whitehead 2020; Mulheirn, Browne, and Tsoukalis 2023; Murphy 2014), and numerous studies critique the provision of affordable homes (see Bramley 2018; Crook and Whitehead 2002; Williams and Oxley 2016), there has been little scrutiny of the means by which need is transmuted into affordability or of the effects of this act of valuation on the priorities of housing policy. To address this research gap, in what follows I investigate the assessments of affordable housing need carried out by municipal authorities to establish quotas for the delivery of affordable housing. I am concerned with the institutional design of these assessments as valuation processes. I offer an analysis of the distinctive methodology used in the English planning system where, uniquely, a metric of affordability has been incorporated as a price-setting formula into assessments of housing need and housing requirement targets. This study provides an exceptional opportunity to evaluate the explicit introduction of price into a value system determined by public policy goals and to draw conclusions pertinent to housing theory. My investigation provides an evidence-based critique of the failure of price to effectively value socially desired ends and I demonstrate the irreconcilability of the construct of affordability with the priorities of housing need. I conclude that the shift from need to affordability has detached the concept of value from the process of economic valuation with devastating results for housing policy. I begin by assembling a theoretical framework for this inquiry before charting the rise of affordability from the marginalization of cost rental housing and the ascendancy of price as the standard of measurement for policy goals.

## Value and Valuation

Economic valuation can be understood as a process through which the things people care about (or should care about) are turned into goods and priced, Marion Fourcade (2011b) has argued. The contention that price bestows an economic value on an existing value system (the things people care about) was theorized by John Dewey as a means-end relationship. "Valuation takes place only when there is something the matter; when there is some trouble to be done away with," Dewey (1939, 34) maintained. This "trouble" could be a lack of something needed; a privation to be made good. Implicit in the act of valuation, Dewey said, is an attraction towards an improved situation and a desired goal. There must be a "specifiable and testable relation between the latter as an end and certain activities as means for accomplishing it" (13). In the sociology of valuation, the act of pricing is said to enhance the value or worth of a prized goal (Zelizer 1978). Valuation creates value and is understood in this literature as a performative process: it brings about the very situation it describes (Muniesa 2012). In other words, the translation

of valued public policy goals into prices is expected to accelerate the achievement of those goals. The pricing of housing need serves as an exception to this rule, however, in that valuation appears to have undermined the political will of governments to tackle a global crisis of affordability, homelessness, and inadequate housing (Wetzstein 2021).

The starting point for understanding problems of affordability in housing economics is a formula in which markets are efficient and prices paid are a function of the variables shaping supply and demand (Smith 2011, 238). Affordability references a belief in price as a true measurement of value organized from the confluence of supply and demand (Chiapello 2015). House prices and housing costs can then be adopted as indicators of need in the guise of unmet demand, and worsening affordability ratios exhibited as evidence of a shortage in supply (Meen and Whitehead 2020). The assumptions of this model do not automatically translate into market reality, however, and neoclassical economics continues to struggle to account for the complexity of house price dynamics (Svetlova 2012). The familiar supply-side explanation for a global affordability crisis in housing markets is challenged by a literature in social economics that demonstrates concern for the process by which goods, in this case homes, are made calculable. This literature does not reject the neoclassical view of the market as a space of calculation, but rather directs attention to the sociotechnical construction of demand, the deliberative setting of interest rates, the political licencing of the financial instruments of credit expansion, and the legal frameworks shaping international investment and its returns (Mulheirn, Browne, and Tsoukalis 2023; Ryan-Collins 2021).

In this sociological perspective the idea that the economy exists as a sphere distinct from society and societal values is disputed. Instead, theorists seek to understand “the economy” through a study of the practices that bring it about (Miller 1994). What is distinctive about this approach is that it maintains that market dynamics such as supply and demand are shaped by social and political forces. Prices, it is argued, “result from the embeddedness of market transactions in institutions, social networks, and culturally anchored frames of meaning” (Beckert 2011, 1). In the sociotechnical construction of price, the focus is on the process of valuation, the actors, their institutions and the technologies and practices that organize the market. The assumption is that: “If prices have any singularity or stability at all, it is not produced ‘naturally’ at the intersection of demand with supply; it is rather a property conferred on numbers deliberately and in recoverable ways” (Smith 2011, 249).

In his ground-breaking analysis of price-setting, Koray Çaliskan (2007, 257) demonstrated the institutional decisions that establish prices in world cotton markets. He concluded: “Market price is not set by the mere coming together of demand and supply as the neoclassical price theory suggests, but instead it is produced in a political process of deliberation. If we would like to gain a better understanding of markets and prices it is crucial that we study such processes.” Prices are anchored in institutional regulation, in social structure, and they signal, however distantly, political judgements of desirable ends. Price-setting is a process of “definition” which incorporates assumptions about social order and social constructions of worth (Fourcade 2011a). This argument dissolves the notion of “separate spheres” upheld by liberal economists and endorses Dewey’s means-end thesis on the relationship between prized goals and price-setting. Viviana Zelizer (2007, 1059) writes: “With separate spheres, we have the assumption that there are distinct arenas for rational economic activity and for personal relations, one a sphere of

calculation and efficiency, the other a sphere of sentiment and solidarity.” Once this separation is dissolved, price-setting can be understood as a deliberative process and one which is intended to assign value to desired goals. This deliberation entails an appraisal of ends, and of the resources required to be dedicated to those ends (Dewey 1939). Importantly, when public policy goals are turned into goods and priced, an appraisal of the end goal and the necessary resources required are elements to be included in the weighting of supply and demand. The global shift from need to affordability can be evaluated, then, according to a means-end relationship between the pricing of housing policy goals and the achievement of those goals. What then are the prized goals of housing need?

## Valuing Housing Need

Housing need is an internationally recognized policy tool for setting strategic priorities that establish a set of minimum standards below which no household should live (Whitehead 1991). It is enshrined in international human rights law by the United Nations Right to Adequate Housing in article 25 of the Universal Declaration of Human Rights (1948). Housing need is classified by lack of shelter, overcrowding, unfit housing, and housing that is unsuitable for social needs; and it is calculated as both a backlog of unmet need and an annual flow of arising need (Bramley et al. 2010). In addressing the priorities of housing need, the task of nation states under international law is to legislate and enact policies that aim to bring about the provision of adequate housing for all. In the typology of housing policy systems established by Jim Kemeny (1995, 15), housing need can be addressed by the construction of “safety-net” welfare arrangements that are corralled in a separate sphere to that of the market economy, or by encouraging non-profit forms of housing organization to compete directly with those pursuing profit as their primary goal in a social market model. The values promoted by the latter housing policy system are those of a market seen as embedded in wider social, political, and cultural institutions. These values were epitomized by the cost-rental housing system, more widely known as the provision of public, municipal or social rented housing. Cost-rental housing emerged as the primary strategy for the eradication of unmet need in many European countries in response to the rent strikes and the political action of social movements before, during, and after the 1914–1918 world war. Housing was built by municipal authorities and not-for-profit housing associations at the required standard and distributed either as a universal service or through priority allocation on the basis of an assessment of need while a separate policy decision determined how much, if anything, people should pay. The assessment of housing need and the provision of adequate housing was valued as a policy goal to be addressed largely outside the price mechanism (Whitehead 1991, 874).

The emergence of affordability as a construct in the USA heralded a political shift in global housing policy in the mid-1980s away from the direct provision of adequate housing and towards subsidies for private providers. The for-profit housing market was purportedly tasked with the goal of meeting housing need (Gabriel et al. 2005). Where cost-rental housing addressed itself primarily to use values and the provision of adequate housing regardless of cost, affordability referred explicitly to exchange values, and translated the concept of need into a public policy field where land and housing were values brought into

relation with other commodities (Krüger and Reinhart 2017). “What first of all, practically concerns producers when they make an exchange, is the question, how much of some other product they get for their own? in what proportions the products are exchangeable?” wrote Marx (1967, 74) in *Capital*. Affordability calculated the proportions of exchange in the form of the universal equivalent, price; what Marx called the form of value in general. It expressed housing need as an inability to pay the market price of housing. In consequence a product called “affordable housing,” defined as housing for sale or rent at a discount on market price, largely replaced cost-rental provision. The “affordability” of these homes – the discount on market price – depends on the public policies adopted, on the method of delivery and the amount of public subsidy in grant, loans or land value that is delivered. Affordable homes are not necessarily affordable in relation to incomes or as a proportion of overall household expenditure. Relation to price has become the primary determinant of housing need. The strategic aim of policy is no longer to replace a stock of unfit properties, end overcrowding, or prioritize those in need for rehousing. The concept of affordability values these public policy goals according to their exchange rate with other commodities and provides no other appraisal of desired ends.

### **Pricing Affordability**

The policy construct of affordability was the outcome of a process of economic valuation that repudiated any requirement for institutional involvement in price-setting in the housing market. In the much-trumpeted supply-side explanation of a global affordability crisis, the requirement for a supply of affordable or discounted housing products is treated as an aberration in market equilibrium, a glitch caused by the disruption of supply and demand, with the institutional regulation of land use fingered as the key obstacle to market equilibrium (Raco et al. 2022). The benchmarking of affordability is not recognized as an economic exercise and is considered to be an administrative assessment that lies outside the realm of market price. While a self-regulating market is expected to predict supply-side adjustments in the face of unmet demand, the provision of affordable homes depends still on public investment and the use of statutory zoning and planning conditions to reduce the costs of housing (Meen and Whitehead 2020). Administrative assessments of affordable housing need carried out by statutory planning authorities apply tests of price and income to establish targets or quotas for homes discounted on market price. In United States these targets or quotas are then used to inform inclusive zoning ordinances that can mandate private housebuilders to contribute quotas of affordable homes in new developments. Similar schemes operate in Australia, New Zealand, parts of the European Union and in the devolved United Kingdom, where in England negotiated planning obligations require market housebuilders to sell a percentage of units at discounted prices to affordable housing providers (Robinson and Attuyer 2021). The willingness of real estate developers to supply housing at a discounted cost is contingent on their ability to maximize the land rents captured in the gross development value of homes sold at full market price (Purcell and Ward 2022). Expectations of the quantum of affordable housing that can be delivered through planning obligations are dampened by this competition for land rents and constrained further by a lack of public investment (Weber 2021). Low expectations, in turn, inform the calculations made by statutory

planning authorities in their assessments of affordable housing need (Halbert and Attuyer 2016).

Evaluating and comparing assessments of housing need in San Francisco, Vancouver, and Melbourne, Matthew Palm and Carolyn Whitzman (2020, 771) detailed the methodological inconsistencies, data gaps, and contestable assumptions that led to a deliberate under-counting of the requirement for affordable housing. The decision to exclude categories of need, or to ignore evidence of the scale of the problem was political as well as methodological, they concluded: “Part of the problem appears to be an incapacity – or unwillingness – to provide one of the basics of a good strategic plan: namely, spatialized targets related to ability to pay housing costs.” Palm and Whitzman’s verdict accords with other studies of affordable housing strategies and their assessment of ends and means. Williams (2015, 653) judged that Australian states were far from adopting policies that realistically assessed the level of affordable housing need, while Austin, Gurrán, and Whitehead (2014) echoed earlier findings by Gabriel et al. (2005) that affordable housing strategies were characterized by an absence of political commitment.

The design of housing affordability policies currently in place in the English planning system appears intended to deliver the spatialized targets related to ability to pay required in Palm and Whitzman’s assessment. Since 2018, affordability measures have been incorporated into a price-setting formula used by English planning authorities to set housing requirement targets and regulate the supply of housing land. The methodology adopted to establish the housing requirement in England appears at the very least to blur the distinction between the administrative assessment of affordable need and the supposedly self-regulating calculation of prices. The inclusion of economic valuation formulae in an otherwise administrative process of housing need assessment suggests that affordability can be achieved by the regulatory adjustment of market mechanisms. It implies that the desired goals of public policy can be effectively priced and that the resources necessary to meet those goals are factors relevant to supply and demand and therefore to price-setting. The housing need system in operation in England may then be evaluated as a means-end relationship. What is to be investigated is the extent to which an appraisal of ends and means are reflected in the construction of price.

## **Housing Need and Affordability in England**

Statutory local planning authorities in England are tasked with calculating an overall housing requirement that makes no distinction between need and demand, affordable or market price homes in setting annual housebuilding targets (Bramley et al. 2010; Turkington 2015). To establish this aggregate housing need requirement, all local planning authorities are obliged to use the same government-specified Standard Method of forecasting (Meen and Whitehead 2020). The Standard Method is made up of two main elements: local household growth projections and a price adjustment for affordability. Government Planning Practice Guidance (MHCLG 2020, 2) explained: “The Standard Method uses a formula to identify the minimum number of homes expected to be planned for, in a way which addresses projected household growth and historic under-supply.” This formula is reproduced below:

$$\text{Adjustment factor} = \left( \frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

This equation represents the need for affordable housing as simply another factor of house prices and as an indicator of inadequate supply and unmet demand. It models a market in which price equilibrium, and therefore affordability, is attained when average house prices are no more than four times income. The formula then specifies the amount of land to be provided to bring supply and demand into equilibrium and make house prices affordable (Bradley 2022). The calculations and assumptions incorporated in the Standard Method formula are open to criticism (see Meen and Whitehead 2020) while the operational inconsistencies have been scrutinized elsewhere (Lord et al. 2024). My concern, here, is with the Standard Method as an institutional process of price-setting and its use of a formula to adjust prices to purportedly address affordable housing need. The stated intention of the Standard Method is to bring about a housing market in which prices respond to inability to pay. This intention was reaffirmed in 2024 when the adjustment factor was increased to provide further stability and certainty” to the formula’s supposed effect on affordability (MHCLG, 2024). Any such performative effect on price could only be contemplated if all relevant values of demand and supply were included and accurately calculated (Çalışkan and Callon 2010). “The market is viewed as a place that organises the meeting between all opinions of the future to make prices [...] and so all the information available on the future is supposed to be reflected in the price,” as Eve Chiapello (2015, 19–20) explained.

Although the aim of the Standard Method formula was to bring down the cost of all new homes to an affordable level, local planning authorities were still required to carry out a separate administrative assessment of affordable housing need. National Planning Practice Guidance (PPG) explained that the purpose of the additional assessment of affordable housing need was to break down the aggregate housing requirement target into the needs of households who could not afford market price. “The Standard Method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups” (MHCLG (2021): para. 1). An additional assessment of affordable housing need was intended, therefore, to enhance the role played by the affordability formula in institutional price-setting. Its purpose was to contribute information about ability to pay across housing need categories, in order to advance the probability that all new housing supply would prove affordable. The methodology for this additional assessment of affordable housing need is set out in statutory Planning Practice Guidance and presented in Table 1 (MHCLG 2021).

Current Planning Practice Guidance lacks a detailed step-by-step approach to the calculation of affordable need. It is a streamlined version of the 2007 Strategic Housing Market Assessments: Practice Guidance, Version 2 (DCLG 2007), and the private consultants commissioned by local authorities to undertake these assessments fill the gaps left by sketchy instructions with reference to this 2007 guidance or adopt their own methodologies, duplicating their approach to the calculations in each authority they are commissioned to work (Turkington 2015). I reviewed the assessment of affordable housing need for each of the 20 local planning authorities listed in Table 2. These are the 20 worst performing English local authorities in the Housing Delivery Test (DLUHC 2022),



**Table 1.** Affordable housing need assessment.

Stage One	Current Unmet (gross) Need for affordable housing
1.1	- Homeless households and those in temporary accommodation
1.2	- Overcrowding and Concealed households
1.3	- Existing affordable housing tenants in need (i.e. currently housed in unsuitable dwellings)
1.4	- Households in other tenures in need
1.5	Total Current Unmet Need (gross) 1.1 + 1.2 + 1.3 + 1.4
Stage Two	<b>Future Need</b>
2.1	- New household formation (gross per year)
2.2	- New households unable to buy or rent in the market
2.3	- Existing households falling into need
2.4	Total Future Need (gross per year) (2.1 × 2.2) + 2.3
Stage Three	<b>Affordable Housing Supply</b>
3.1	- Affordable homes occupied by households in need
3.2	- Surplus affordable stock
3.3	- Committed supply of new affordable housing
3.4	Total affordable stock available 3.1 + 3.2 + 3.3
3.5	- Annual supply of affordable re-lets or re-sale
Stage Four	<b>Estimate of net annual housing need</b>
4.1	1.5 (current unmet need) – 3.4 (total available stock) = net current need
4.2	Convert the net figure derived into an annual flow for plan period
4.3	2.4 (total future need) + 4.2 (annual flow of unmet need)
4.5	= Total Annual Flow of future and current need
4.6	4.5 (total annual need) – 3.5 (annual supply of affordable homes)
4.7	= <b>Net Annual Affordable Housing Need</b>

Adapted from: DCLG (2007) Strategic Housing Market Assessments Practice Guidance Version 2. London, Department for Communities and Local Government, and MHCLG (2021) Housing needs of different groups: Affordable Housing. London, Ministry of Housing Communities and Local Government.

a statutory measure of new housing supply against target in English planning authorities. The Standard Method formula forecasts that the authorities with the lowest housing supply will suffer the worst affordability problems.

The first column in the table provides the annual requirement target for new aggregate housing supply specified by the formula in the Standard Method. The second column records the percentage of that housing target built in the year 2021. The next three columns, set out the affordable housing need calculated by the local authority, the actual number of affordable homes supplied in the year from April 2021, and the percentage of supply to need. This data is held in publicly accessible documents available online for each local authority in the evidence base of its local development plan.

The inadequacy of the supply of affordable housing can be grasped immediately from this table with some local authorities registering delivery in single figures. Taken as a whole, however, the table establishes no direct relationship between the aggregate housing requirement and affordable need. Two local authorities have an affordable housing need that is greater than their aggregate supply target, while in two more, affordable need is close to the total target, suggesting that only affordable homes are required in these localities. Any such suggestion, however, would be a misinterpretation of the data. The methodology laid down for the assessment of affordable need is incompatible with that used to produce the aggregate housing target in the Standard Method, and “there is no arithmetical way of combining the two calculations” (Planning Advisory Service 2015, 38). An Appeal Court judgement confirmed that the assessment of affordable housing need and the aggregate housing requirement were products of “separate and different calculations” with some overlap inevitable.<sup>1</sup> The fact that the calculations do overlap, and that in practice affordable housing need can exceed the

**Table 2.** Housing targets, housing supply and affordable housing need in planning authorities failing the housing delivery test 2021 in England.

LPA	Annual Housing Requirement	Annual Supply % 2021	Annual Affordable Housing Need	Affordable Supply 2021-22	Affordable Supply as % of need
Arun	1025	65%	480	131	27%
Ashfield	435	66%	237	85	36%
Basildon	974	41%	254	163	64%
Bury	539	52%	448	150	33%
Calderdale	737	55%	527	103	20%
Canterbury	824	65%	854	92	11%
Eastbourne	611	32%	370	53	14%
Epping Forest	864	35%	143	44	31%
Fareham	428	62%	174	66	38%
Hastings	394	42%	360	58	16%
Isle of Wight	616	58%	304	153	50%
Kensington and Chelsea	671	43%	1018	95	9%
North Hertfordshire	901	49%	215	123	57%
Portsmouth	794	54%	316	23	7%
Rossendale	180	57%	170	22	13%
Southend-on-Sea	1077	31%	650	62	10%
Three Rivers	568	46%	214	91	43%
Walsall	829	70%	154	6	4%
Watford	726	48%	482	253	52%
York	979	65%	573	164	29%

Sources: DLUHC (2022a) Housing Delivery Test 2021 Measurement. London, Department for Levelling Up, Housing and Communities, and DLUHC (2022b) Affordable Housing Supply Statistics. Live tables – 1011S, 1011C. London, Department for Levelling Up, Housing and Communities.

overall housing supply requirement, leaves unclear the relationship between affordable need and the price-setting formula in the Standard Method. These methodological differences make it impossible to integrate information about affordable housing need into the aggregate housing targets. Even though the Standard Method incorporates affordability into its price-setting formula, affordable housing need remains a separate concern to be addressed outside the market. As a consequence, a deliberate under-counting of affordable housing need is integral to the assessment method.

### The Missing Four Million

The first major difference between the two calculations is that the Standard Method is concerned with new household formation only, and the additional requirement for homes, while the assessment of affordable housing includes the needs of existing households “who lack their own housing or who cannot afford to meet their housing needs in the market” (MHCLG 2021, 6). According to the most recent, though somewhat dated independent analysis, there is a backlog of four million households in affordable housing need in England (Bramley 2018). The backlog of current need is highest in the affordable housing sector, where the quality of homes has deteriorated because of decades of under-investment, and where the scarcity of homes leaves transfers to more suitable accommodation difficult to obtain. Despite this backlog, households in need in the affordable housing sector will not be included in the total of new affordable homes required. Households already housed, no matter how inadequate their housing, are not counted. The Planning Advisory Service (2015) explained: “For the most part, the needs of

households are not for net new dwellings. Except for those who are currently homeless or 'concealed.' If they move into suitable housing they will free an equivalent number of existing dwellings, to be occupied by people for whom they are more suitable" (PAS 2015, 38). Planning Practice Guidance is unambiguous, and in stage three of the assessment (MCHLG 2021 para. 7), local authorities are instructed to subtract "the number of affordable dwellings that are going to be vacated by current occupiers" from the total in need.

The exclusion of four million households in need from housing targets leaves the scale of affordability problems significantly under-valued in English housing policy. The affordability formula of the Standard Method is intended to address historic under-supply, to compensate for economic constraints on new household formation, and to bring down prices in the housing market. It is concerned, therefore, with existing housing conditions as well as newly forming households. The current backlog of need caused by unaffordability, unsuitable and unfit housing is, however, excluded from the aggregate housing target and from all price-setting intelligence about demand or supply. Households in current need are effectively netted off against the homes they would vacate if they were rehoused; but they cannot be rehoused unless new affordable supply is provided. The rationale for this exclusion appears to be more political than methodological and the Planning Advisory Service (PAS 2015, 38) noted that "If the affordable needs of existing households are included in the OAN [Objective Assessment of Need], the resulting figure will be too large."

## **New Households in Need**

There are only two apparent points of correspondence between the overall housing targets set by the price-setting formula of the Standard Method and the separate administrative assessment of affordable housing need. These two points of overlap concern the projected number of newly forming households who cannot afford to meet their housing needs either because they are already in need or likely to fall into need (MHCLG 2021, 6). Once again methodological differences complicate the relationship.

Using the assessment of affordable housing need to supplement the price-setting formula of the Standard Method, it should be possible for local planning authorities to identify the specific number of new homes that are required to be affordable. Under planning guidance published in 2020, the housing targets of the Standard Method were devised by projecting forward trends in household growth. To identify what proportion of that housing growth is required to be affordable, it would be necessary to adopt the same methodology and project the current backlog of households in housing need into the future (PAS 2015). The assessment of affordable housing need does not do this. It attempts to forecast ability to pay among newly forming households, but it is impossible to reconcile this information with the aggregate housing target. The consequence is that all newly forming households identified in the Standard Method are assumed to be able to meet their needs in the market.

The calculation of the number of existing households likely to fall into need during the plan period again appears to overlap with the aggregate housing target. Households likely to fall into need have already been counted in the forward projections of the Standard Method and included in overall demand for market housing. If the same reasoning is applied to the calculations of aggregate supply as to affordable need, when these

households fall into need, and require affordable housing, market housing is likely to become vacant. The calculation of households falling into need should then produce a requirement for affordable homes to be identified in the total housing target. It does not do this. Projections of households defined as “falling into need” in the Strategic Housing Market Assessments Practice Guidance (DCLG 2007, 46), draw on local housing registers for their data. These registers are an unreliable source, since they require self-referral and may be closed to new entrants. Households on the registers can only be included if they have applied for and secured affordable housing within one year, or they have become homeless and assessed as owed a duty of rehousing. These extraordinary conditions impose a circular logic on the calculations. The overall effect is to exclude affordable need from projections of future household formation and from new housing supply requirements.

### **Delivering Affordable Housing**

In the final stage of assessment, local authorities are required to estimate the future amount of affordable housing that will become available annually for resale or relet and subtract this from the total number of households in need. Local authorities are also instructed to determine the likely supply of new affordable homes to be provided as a percentage of market-led developments and to subtract this number from the total. Included in this determination are all the affordable homes expected to become vacant, and all affordable homes that may be built over the plan period for the next 15–30 years, including not just those with planning permission but those likely to be negotiated in future developments on allocated sites, assuming that all permissions will be built out and planning obligations met in full. The risk of inflation in this projection of future affordable housing supply can be ascertained from analysis by the homelessness charity Shelter of housebuilding completions in England, that evidenced one million housing allocations still not built after ten years (Shelter 2020). Research for the same charity showed that 79 per cent of all affordable homes identified in planning obligations were not delivered because of viability objections from developers (Grayston 2017).

The outcome of these subtractions is a net total of affordable housing need that is then converted into an annual flow to provide the evidence base for planning instruments that seek to negotiate a percentage of affordable homes from market-led housing developments. Government guidance states: “The total affordable housing need can then be considered in the context of its likely delivery [...] having regard to viability” (MHCLG (2021), 8). The reference to the financial constraints of viability in the supply of affordable homes is a deviation from the formula of the Standard Method which anticipates the self-regulation of supply and demand. Under the Standard Method, affordable housing need can be read as a prediction of demand, requiring a response from supply, resulting in the anticipated price adjustment indicated in the affordability formula. As it is, the percentage quotas for affordable housing delivery through planning obligations have no connection to the quantum of need and seldom specify a required percentage greater than 35 per cent no matter how high the need. Even then, these inadequate quotas go largely unfulfilled and can be reduced to as little as five per cent by developers on viability grounds (Lord et al. 2020). There is no requirement on local authorities to ensure the delivery of all the affordable housing required and little monitoring of progress. The only

action open to local authorities is to apply an uplift to the overall housing target if the percentage of affordable homes is insufficient (MHCLG 2021, 8). Affordable need appears to have but little value in housing policy in England.

This analysis of the assessment of affordable housing need in England confirms the calculative omissions, unwarranted subtractions, and methodological implausibility evidenced in similar studies in the United States, Canada, and Australia. Accurate assessments of the scale of housing need are deliberately obscured to minimize the effect on price, and to safeguard the potential for value extraction in housing markets, while institutional involvement in price setting is restricted to the maintenance of a negligible welfare safety net and the delivery of a dribble of so-called “affordable” homes (McAllister 2017). The methodological flaws and exclusions on which assessments of housing need are now based evidence the devaluation brought about by the international shift to affordability. As John Dewey (1939, 27) maintained: “The value attached to a given end is evidenced by the care devoted to obtaining it. Lack of desire and interest are proved by neglect of, and indifference to, required means.” The devaluation of housing need as the end of these means demonstrates the failure of affordability itself as a housing policy construct.

### Revaluing Housing Need: Concluding Discussion

The application of Dewey’s (1939, 20) *Theory of Valuation* to the shift from need to affordability provides the framework for a means-end evaluation based on the delivery of policy goals. “The conditions and effects of different kinds of prizing or caring for may, in theory, be compared and contrasted . . . valuation-acts are themselves evaluated and the evaluation may modify further direct actions of prizing,” Dewey wrote. Under the value system of priority housing need, the goal was to provide adequate housing for all irrespective of ability to pay. The shift to affordability resulted in the pricing of that goal. That the goal remained the fulfilment of housing needs is demonstrated in Table 1 in the case study above. Statutory assessments of housing need that previously informed the supply and distribution of adequate housing largely outside the price mechanism are now filtered through an additional determining factor, a calculation of ability to pay market price. Affordability requires a valuation of need, measured in a universal form of comparison, price. Unlike the pricing of other non-economic systems of value, for example art, fine wines, works of nature, or human lives – all processes studied in the sociology of valuation (Zelizer, 1978; Fourcade 2011a) – the shift to affordability necessitated a radical inversion. It made inability to pay the sign of value. For this shift to be effective as a means to the desired end, it would have been necessary for market prices to prioritize the supply of goods, in this case adequate housing, to those unable to pay and in housing need. In this means-end relationship, price would function as a sociotechnical construction shaped by institutional decision to incorporate inability to pay and lack of adequate housing as factors shaping demand and supply in the housing market.

The inclusion of an affordability metric as a price-setting formula in the statutory regulation of housing land supply in the English planning system appears as the first attempt to incorporate affordable housing need in a predictive model of supply and demand. The Standard Method of forecasting the housing land requirement in England established an institutional process of price-setting in which a model of a self-regulating housing market was constructed and performed to elicit a supply-side response to

affordability problems. The price formula in the Standard Method was intended to create a feedback loop between monetary values and the desired goals of housing policy (Fourcade 2011a). Assessments of affordable housing need were to be valued, so the Standard Method suggested, as information necessary for a comprehensive calculation of price. The purpose of the assessment was to enumerate the categories and quantities of need “in a way which addresses projected household growth and historic under-supply,” as Planning Practice Guidance stated (MHCLG 2020, 2). An assessment of households in need, and those unable to pay market prices for housing, was to contribute to an institutional process of valuation in which the elements of demand and supply would be subject to calculation and qualification. What is counted and what is excluded from calculation delineates the parameters of demand, shapes supply, and influences prices (Callon, Méadel, and Rabeharisoa 2002).

The purposeful exclusion of affordable housing need from the price-setting formula in the Standard Method, evidenced in this study, signals the abandonment of any attempt to direct market mechanisms to achieve the prized goal of housing policy. Even in the guise of affordability, housing need remains excluded from the institutional frame of price-setting and consigned to an administrative realm of qualitative standards. The reasons for this abandonment are clear. If an assessment of all affordable housing need were to be included in the Standard Method it would predict, as the Planning Advisory Service (2015) indicated, a supply-side response that went far beyond an increase in the quantity of land. The institutional adjustments required to harness price to the cause of housing need have been identified elsewhere (see Farha 2020; Karwowski 2019), and they would bring about economic transformations in land value and real estate margins that might puncture the conceit of a self-regulating market and shatter the illusion of a separate economic sphere. The excision of affordable need from the institutional mechanics of price-setting is then a political decision taken to exclude socially desired goals from the sphere of a supposedly self-regulating market. In these calculations of omission, housing need is stripped of its signification as price, and the act of valuation is undone. We see the de-valuation of need and its detachment from the market as a space of calculability.

Affordability has failed to provide an effective means to attain the valued goal of meeting housing need. Instead, the goal itself has shifted. What is valued now is “the legitimacy and authority of the market logic,” as Marion Fourcade (2011b, 45) predicted. Considerable effort is expended to conceal the scale of housing need in order to maintain the illusion of an effectively self-regulating market. The shift to affordability bestowed an economic value on a desired goal and then, in Dewey’s (1939, 33) words, proceeded “to make a sharp division between prizing and appraisal, between means and ends.” The economic valuation of housing need has not granted it free passage from the sphere of sentiment to one of rational economic activity. Affordability is a valuation that, in Dewey’s terms, can only be appraised as unfit for purpose. It has no constituent relation to the ends in view and provides no effective means of attaining the stated goal. The focus of housing theory and analysis must return to the mounting backlog of housing need, and to the most effective means to address it, through the suspension of the price mechanism and the provision of adequate housing for all. The passage from need to affordability that Christine Whitehead forecast in 1991 has not brought about a transition from one economy of worth to another. Addressing the inequalities of housing need is a goal that price still does not prize.

## Note

1. *Jelson Ltd v Secretary of State for Communities and Local Government and Hinckley and Bosworth Borough Council* [2018] EWCA Civ 24, paragraph 36.

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No potential conflict of interest was reported by the author(s).

## Statement of Novelty

This article applies John Dewey's neglected theory of value to the relationship between affordability and housing need. This is an innovative theoretical approach that allows an evaluation of affordability in relation to its ends. It provides original research using information in the public domain to create a fresh dialogue between the economics of affordable housing and the literature on economization. It addresses the aims of *Housing, Theory and Society* in embedding housing policy and theory in wider issues of concern across the social and behavioural sciences. No funding is associated with this article and the author reports no competing interests to declare.

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