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Uneasy Bedfellows: Social Justice and Neo-Liberal Practice in the Housing Market

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Abstract: The Australian state has ratified the Convention on the Rights of Persons with Disabilities (CRPD), which emphasizes a social justice-based, personalized service delivery model. The upcoming National Disability Insurance Scheme (NDIS) reflects this model and aims to facilitate people living with a disability being able to access services while housed within the private residential market, a move away from a state-based combined residential/service care model. However, in Australia's neo-liberal housing market government intervention tends to shy away from policies that overtly impose restrictions on private firms. Therefore, in the absence of a subsidy from the state, the CRPD is of limited use in encouraging private developers to improve the appropriateness of its new built stock for people with a disability. A more persuasive approach is to highlight the size, diversity, and economic power of the disability-friendly housing consumer market when housing provision is separated from disability care delivery. This paper examines the feasibility of sustaining innovation in the volume builder housing market by aligning accessibility promoting changes to the existing innovation channels within Australian firms, suggesting that the NDIS concentrate on assisting the housing industry transition to a make-to-order model from the current make-to-forecast one.

Keywords: housing; NDIS; innovation; disability

1. Introduction: A Person-Centred Approach to Disability Service Delivery

The 2006 United Nations Convention on the Rights of Persons with a Disability (CRPD) advocates a person-centred approach to the provision of services for people with disabilities. This approach seeks to move service provision away from a mindset where disability is perceived to be a largely medical problem to be solved by the state, to one where the state intervenes to overcome obstacles to an individual participating in civil society as fully as their unique circumstances allow. Central to this position is the language of social justice. Ideas of independence, freedom, choice and control, are prominent in person-centred service discourse, as are the related notions of citizenship, autonomy, agency and community participation [1,2]. In respect to the built environment, this is manifested in the CRPD in several of the 50 articles. Article 9 'Accessibility' addresses the issue of access to the physical environment, transport, and public buildings and infrastructure. Article 19, 'Living Independently and Being Included in the Community', states the right to live in the community with access to public facilities as well as in-home support, while Article 28, 'Adequate Standard of Living and Social Protection', states in part the right to 'an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions' ([3], p. 20). Although couched largely in language that encourages the state to ensure the public realm does not exclude people with disabilities, the Convention includes promoting private sector participation, if not full responsibility, around the right to choose to live independently in the community. This raises a feature of person-centred discourse and policy noted by both advocates and critics of the approach, that although social justice is the overt frame through which the method is

articulated, there is a parallel rationale of delivery that favours a neo-liberal free market approach, employing the framework of economic rationalism that 'small government' is best and that privatized services are more efficient, and ultimately more cost effective [1,4]. It has been described as a model that encourages the 'marketization of solutions' and a 'commercialisation of care' ([5], p. 642).

In keeping with the spirit of the CRPD, the National Disability Insurance Scheme (NDIS), the upcoming national restructuring of Australia's disability sector based on individualised service delivery, has both a strong social justice rhetoric in its policy outlines and aims, and a person-centred, market based delivery mechanism. While this is true for all areas of service provision covered by the NDIS, this paper has a focus on housing outcomes under the scheme. It has been estimated that when fully operational from 2017, the NDIS will have 410,000 participants, 255,000 of them aged between 25 and 64 who will require appropriate accommodation. Estimates of the current unmet need for affordable housing for eligible NDIS participants range from 83,000 to 122,000 [6]. A 2012 survey reported that around 100,000 people with disabilities (over 25) were living with their parents [7]. Publicly available discussion papers and presentations to date have emphasized the desire of the NDIS to use its capital allocation (between 3% and 4% of the total costs, or approximately \$700 million a year) as a catalyst to leverage a much larger contribution and involvement by the private housing development sector [8]. The stated intention was not to allocate funds for construction of more government institutions to house people with disabilities, but to promote independent community living wherever possible ([8], p. 13). Central to this is the separation of housing provision from service provision. The following sections of this paper explore the feasibility of a voluntary increased involvement of the private housing sector in providing housing suitable for people with disabilities. After setting out the main characteristics of Australia's housing sector, the paper describes the principal modes of production and innovation that occur in the construction industry, highlighting a system of multiple inter-relationships and actors, and the large drag on innovation that uncertainty plays, particularly in the residential housing market. The paper concludes with a discussion of how the NDIS may be able to use its leverage to address the issue of uncertainty and promote more market-led competition.

2. Characteristics of the Australian Housing Sector

In order to assess the likely success of a move to increase private housing market engagement with the disability housing sector, it is necessary to examine some of the defining characteristics of Australia's housing market and review the performance of the current housing stock in relation to people with disabilities. Most fundamentally, Australia is a property owning, market based society with a strong cultural bias towards private home ownership. As a consequence, the vast majority of housing stock in Australia is delivered by the private sector at nearly every stage in the process from financing to design, construction, and sales. Government involvement is limited to ensuring a basic level of building control and safety through the Building Code of Australia, and at a local level setting planning regulations and controls. As a federal system of government, Australia has no central authority responsible for housing and responsibility sits at state and local government level. Even then, Australia's regulatory system regarding housing is considerably less intrusive than many other countries [9]. Despite periodic concern with housing affordability, this system has served the mainstream housing market in Australia well since the 1950s. A notable exception to the market provision of housing however, has been in the disability housing sector. Responsibility for housing and caring for people with disabilities has long been considered a core area of government or state-based provision, notwithstanding a slow progression towards de-institutionalisation over the last several decades [10,11]. To date, the private sector has had very little engagement with the disability sector, as the actual housing of people has been undertaken within the public housing sector, or within institutional settings. Regulations regarding accessibility and the provision of suitable facilities in public buildings and spaces, such as Australian Standard 1428 (AS1428.1–2009 Design for access and

mobility, General requirements for access, New building work), are exempted in the case of private dwellings and so have had little influence of mass private housing market in Australia.

As a consequence, the current performance of Australia's housing stock for people with disabilities is very poor. Whether considering appropriateness for residents with mobility, vision or hearing impairment, or a cognitive disability, today's housing stock continues to be built with little or no forethought despite a full one-fifth of the Australian population, 4.2 million people in 2012, having a disability, with 3.8 million of those having:

“A specific limitation or restriction that meant they were limited in the core activities of self-care, mobility or communication, or restricted in schooling or employment ... and one in five people with disability (19% or 813,900 people) reported a mental or behavioural disorder as the long-term health condition causing them the most problems. This included 5.6% with intellectual and developmental disorders, 3.8% with depression and mood affective disorders and 2.1% with dementia and Alzheimer's disease” [12].

3. Production and Innovation in the Construction Industry

The construction industry is a manufacturing one. It makes products (commodities) for consumption. In general terms, production strategies may be categorised into four types which differ primarily in where and when consumer choice enters the production stream. The strategies are termed Concept-to-order, Design-to-order, Make-to-order, and Make-to-forecast [13]. Concept-to-order and Design-to-order strategies are associated with 'complex systems' manufacturing where the final product is both highly technical and highly individual in nature, in building terms something akin to the Sydney Opera House or a state-of-the-art new hospital. Make-to-forecast is synonymous with mass production, where new products are designed in expectation of consumer demand rather than due to specific requests from consumers. The recent boom in investment apartments in central Melbourne is an example of this production method. Make-to-order is associated with a flexible production system that nevertheless can operate at high volume. It is sometimes referred to as lean production (particularly with reference to the car industry), and also as a mass customisation process. Volume housing production presents as the closest building industry version of lean production, although mass housing production has had such a close relationship with land development that historically development gain, rather than productivity gain, has been the principal motivation for profit making [13,14]. This is problematic for the strategy envisioned by the NDIS of consumer-based innovation, as the development gain profit motive favours make-to-forecast methods over make-to-order ones. That is, the potential benefits to producers of having a more attractive final dwelling, in terms of accessibility or universal design features for example, is undermined in terms of profit by the simplicity of capturing land value uplift.

Multiple definitions of innovation exist in the construction literature, but the definition of Freeman cited by Slaughter [15] captures the essence, that innovation is the 'actual use of a non-trivial change and improvement in a process, product, or system that is novel to the institution developing the change' ([15], p. 226). In developed countries, different governing strategies have a significant impact of how building innovation is supported. Australia, in common with the USA, UK, and Canada, operates in what has been described as a market-driven system, where it is assumed that innovation occurs due to the opportunities created by competitive forces in the marketplace, reflecting the dominance of neo-liberal policy settings in the construction industry ([14], p. 190). On the surface, this should complement the consumer-driven approach advocated by the NDIS. However, several complicating issues exist. The Australian federated government system has several implications for the effectiveness of a consumer-driven policy. Responsibility for construction rests at a state level, and is split between several agencies. Multiple interest groups and peak bodies exist, including the Property Council of Australia, the Urban Development Institute of Australia, the Master Builders association, and the Housing Industry of Australia, often advocating conflicting positions. As a consequence, no unified industrial representation at a Federal level exists to support innovation.

Notwithstanding this, where does construction innovation come from and what forms can it take? Innovation, like all of building, takes place within a system of inter-related actors and processes. As such, the source of an innovation may come from a variety of stakeholders including research and development organisations such as universities, manufacturers and product suppliers, designers, contractors (builders) and sub-contractors, as well as owners and occupants [15,16]. Reflecting this interlinked system, innovations may be described by the affect they have on the system as a whole. Incremental innovations are those that improve upon an existing product, practice or process but do not involve any substantial change, this type of innovation is common and ongoing and often originates from within construction companies. Modular innovations are also likely to develop within technically competent organisations such as manufacturers and suppliers, and involve a significant improvement to a particular component, but have a limited impact on the linkages between different parts of the overall system. Architectural innovations on the other hand, may involve only a slight change to a particular component but set in motion considerable modifications to the linkages between different actors in the system. Accordingly, these are likely to originate from parties that have a higher degree of control over relationships within the system, such as contractors and owners. Systems innovations are targeted specifically at modification of the linkages between the various actors, and so to be implemented require an expertise in managing both modular and architectural innovations, likely coming from companies with design and implementation responsibilities and strong ties to project owners [15]. Housing consumers remain largely outside of the system of linkages that form the industry, and so have little knowledge of the potential effect on other actors of requested changes, which are difficult enough to predict even by those inside the system, as the next section discusses. This severely restricts their ability to effectively advocate for change.

4. Uncertainty in the Residential Construction Industry

Historically within the building industry, the dominant relationship that promoted innovation was between manufacturers and product suppliers, and contractors. This relationship tended to try to drive innovation both from the supplier to the contractor (known as technological push), and from the contractor to the product supplier (known as market pull). That is, suppliers encouraged the uptake of new building products, and contractors attempt to influence suppliers to provide new products that are cost effective, quicker and safer to install. As noted above, at the mass produced, made-to-forecast end of the housing market, the influence of both consumers and designers has been much less. One of the reasons for this bias lies in the uncertainty inherent in housing innovation.

A high uncertainty innovation differs from low uncertainty ones in the amount of information that potential adopters are missing when they first hear about the innovation [17]. Incremental innovations have a low uncertainty as they are developed largely in house and by definition do not interrupt existing linkages within the industry. Architectural or systems based innovations do interrupt and change linkages, and as such may have a series of unintended consequences that are very hard to predict and quantify for innovators and so are likely to be considered highly uncertain. For adoption of an innovation to occur, a firm must be convinced that a relative advantage exists, that is, some tangible benefit from adoption will occur. In a typical firm, relative advantage has two primary components; the innovations ability to improve the performance of a particular work task, and/or the ability of the innovation to increase the survivability of the firm in the market ([17], p. 324). Judging the relative advantage of an innovation is difficult. On just the first issue of improving a particular task, the firm must consider several housing related variables including the considerable variation in housing types, the long time frame and wide range of conditions involved in house building, the fact that many parts of a house consist of interacting parts or dynamic systems, the tacit knowledge and skills required to complete the task, and finally that each task requires interaction with a large number of diverse entities (suppliers, sub-contractors, inspectors, clients). In addition, hostility and competition from other firms, the unpredictable and dynamic nature of the housing industry, and the level of complexity of any particular housing developer (who might also be involved in land speculation, financing, sales

etc.), add considerably to levels of uncertainty of outcome when considering new innovations. Any innovation must be able to satisfactorily negotiate all of these factors. In these circumstances, firms seek advice from trusted sources of information. Research from the US suggests that these sources are primarily other builders, in-house testing facilities, and experienced sub-contractor firms. Only in cases of low uncertainty innovations were designers or homeowners actively consulted ([17], p. 328). Innovations necessary to move an established house building firm into an area with a further set of multiple variations and potential unknowns, such as accessible housing for people with disabilities, will be seen as highly uncertain to bring about the required market advantage to justify the risk. At present, there is no market leader to evaluate or emulate.

5. The NDIS and Innovation: Prospects for a Greater Engagement with Housing for Disability

In setting out to separate housing from disability service provision, the NDIS may create a space for the private housing industry to engage with the disability sector that it has not had to date. The intimate, and institutionalised, connection between care and dwelling effectively excluded mass market producers who need a broad customer base for their products, not just for the initial sale, but for multiple resales afterwards. Loosening this connection may provide opportunity. Nevertheless, significant market-based barriers exist to encouraging innovation in residential housing due to the complexity and uncertainty of the relationships of the many actors involved in housing design, production, financing and sales. Being able to transition from a make-to-forecast to a make-to-order model that would be able to accommodate modifications suitable for people with a disability has the potential to open up a substantial new market for private housing producers. From the current make-to-forecast model with only a single level of (low) accessibility, to a make-to-order situation where a choice of accessibility levels were available that might include mobility, hearing, vision, or calmness and clarity (for cognitive illness) packages. If designed well, these packages could have a much wider customer appeal than just the housing for disability market, particularly among consumers looking to accommodate aging in place concerns. Despite the appearance of a positive business opportunity for the development industry however, research from the UK shows that the experience of people with disabilities looking to purchase their own house from builders is often unsatisfactory, due to a lack of understanding and training of sales staff, and lack of provision of accessible entrances to display homes [18]. This mirrors the experience of the tourism industry in Australia, where again frontline staff were unaware or unprepared for questions about the disability related appropriateness of hotel rooms, notwithstanding current legislation requirements [19]. In both these cases, there had been little development of strategies that treated people with disabilities as a distinct, and valuable, market segment, despite studies that highlighted their likely economic value. Where there was interaction, it was focused primarily on access issues, and was reactive rather than proactive [19]. Moving to a mass customisation strategy would allow for an earlier, and more cost effective, voice of the consumer in final housing outcomes, without necessarily weakening the existing strong innovation axis between manufacturers and contractors. However the market for truly flexible housing designs will need an opportunity to mature and develop before anything resembling a system where ‘innovation occurs due to the opportunities created by competitive forces in the marketplace’ exists. The challenge for the administrators of the NDIS is to create an incentive system that will underpin the person-centred approach, giving their participants the freedom, choice and control advocated for in the housing market, while providing an acceptable level of certainty to producers willing to innovate with their supply chain in an unfamiliar, and as yet not-well-understood, market.

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