# CRITICAL JUNCTURES IN HOUSING POLICY

## Summary of a discussion hosted by the Australian-UK Housing Network

**17 September 2025**

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| The session was chaired by Dr Catherine Gilbert (U of Sydney) and featured commentaries by Prof Rae Dufty-Jones (U of Sydney), Prof Keith Jacobs (UTAS), and responses by Dr Laura James (U of Adelaide), and Prof Mark Stephens (U of Glasgow) A summary of speakers' key points follows. The recording of the discussion can be accessed on the CaCHE website. |

### Introduction (Dr Catherine Gilbert, U of Sydney)

This session of the Australia-UK Housing Network took a longer view of housing policy. It brought together housing researchers in both countries to examine and debate critical junctures, or turning points, in housing policy, particularly since the second world war. The session provided an opportunity to explore and reflect on what drives significant housing policy changes or paradigm shifts; how policy directions set in the past have led to particular trajectories; and; whether and how housing policy choices have worked to maintain particular status quos.

The session opened with Professor Rae Dufty-Jones (University of Sydney) and Professor Keith Jacobs (University of Tasmania) examining how political choices in Australia and the UK at various times have shaped and reshape the role of housing in the economy; fostered particular tenure profiles; and minimised or exacerbated tenure and income based inequities. Responses by Dr Laura James (University of Adelaide) and Prof. Mark Stephens (University of Glasgow) drew attention to how housing policy problems are constructed and used as political tactic; and, the breadth of social and financial disruption and change required to spur significant reform.

The longitudinal view of housing policy taken in this session helped to frame housing policy outcomes not as inevitable, but as contingent on political decisions. Housing policy choices in both Australia and the UK have worked, over several decades, to entrench a finance-driven housing system, creating tensions between state-led innovation and market de-regulation. But the presentations and ensuing discussion reminded us that states have, at times, taken a more direct and interventionist approaches to housing. For housing research, the presentations highlighted the value of taking a long-term political economy perspective to housing policy.

Details of the main presentations and respondent comments are below.

**Critical Junctures in Australian Housing Policy (Prof Rae Dufty-Jones, U of Sydney)**

Housing policy in Australia has evolved through a series of 'critical junctures' – moments when established policy trajectories are destabilised, alternative pathways emerge, and political choices reconfigure the relationship between housing, the state, and the economy. These moments of rupture are not merely technical shifts; they expose the contingent politics of how housing is imagined, funded, and produced. By analysing these junctures historically, we can see that what can sometimes appear inevitable is in fact the result of political decisions that resulted in other possible housing policy futures.

This presentation examined a particular critical juncture in Australia's housing policy history: the development of industrialized approaches to housing as a solution to housing crises. Specifically, I focus on the post-war reconstruction ambitions of the Commonwealth State Housing Agreement (CSHA) that positioned prefabrication and industrialized approaches to construction as a means of addressing both acute housing shortages and as an investment in the development of secondary industries as a sector of the national economy. Yet within a decade of the CSHA is reformed and in so doing, reframes Australian housing policy as a means of securing and growing the nation's financial services sector.

Understanding these critical junctures allows us to reflect on how housing policy acts as a significant governmental tool. Its technical qualities extend beyond simply providing housing for a population and securing the 'right to govern'. Rather, in the context of Australia, national housing policy, has been used by governments to 'pick' economic winners, securing the development of one sector over another, and setting the (albeit contingent) path for how populations, industries, and governments understand the role of housing for decades.

*Historical Foundations of Industrialised Housing*

Prefabrication and industrialised housing have a longer lineage in Australia than is often recognised. In the nineteenth century, prefabricated houses imported from Britain, such as the Manning cottages, provided rapid and durable housing in labour-scarce settler-colonial economy. These early examples linked housing production to trade, logistics, and industrial capacity, foreshadowing later efforts to align national development with building technologies.

By the early twentieth century, the industrialisation of construction had become an international preoccupation. Modernist architects and reformers sought to solve the housing question through mass production, standardisation, and design efficiency. For example, Le Corbusier framed the house as a 'machine for living'; an object requiring rescue from the inefficiencies of artisanal craft so to benefits from the opportunities of industrialisation. In this vision, the alignment of form, function, and economy promised not only technical progress but social transformation. Housing was understood no longer as a static asset or private dwelling, but as a field of industrial modernity. For Australia, it opened the conceptual possibility of linking housing production to national productivity and secondary industry development.

**Post-war Reconstruction and Housing as 'Productivity' Problem**

The Great Depression and WWII created an acute housing crisis and a new political opportunity. Wartime restrictions on construction, coupled with population growth, left Australia facing a shortage of more than 300,000 dwellings by 1945. In response, the Commonwealth government's *Commonwealth–State Housing Agreement* (CSHA 1945) established a framework for large-scale public housing production, underpinned by the principle that housing was a public good and a driver of national reconstruction.

Industrialised and prefabricated construction became central to this strategy. The federal and state governments viewed prefabrication as both a solution to immediate housing shortages and a means of modernising the domestic construction sector. Factories that had produced munitions during the war were retooled to manufacture housing components, providing employment for returning servicemen and demonstrating the productive capacity of peacetime industry.

The NSW Housing Commission's "Swedish prefab program" illustrated this logic. Thousands of prefabricated timber houses were imported and rapidly assembled, each complete with wall panels, windows, and fittings. These were presented not only as temporary relief but as models for industrial innovation in local manufacturing. Similar arrangements with Britain and other allies tied housing to trade and reconstruction policy, reflecting a belief that modern methods of construction could strengthen the economy as well as meet social need.

The CSHA linked housing production to the machinery of the state and to broader economic planning. Prefabrication and industrialized approaches to housing production was not a marginal technology but a symbol of national renewal; where housing policy, industrial policy, and social welfare were institutionally aligned.

*The Long-Boom and Financialisation as a Housing Solution*

By the mid-1950s, this alignment had begun to unravel. The new CSHA 1956 marked a decisive shift in federal priorities: funding was redirected from public rental housing to homeownership programs delivered through building societies and private lenders. This policy shift dismantled the institutional infrastructure that had sustained nascent industrialized housing construction approaches. Without guaranteed demand or long-term public contracts, prefab factories closed and experiments with mass housing systems were discontinued.

At the same time, cultural and financial norms reinforced the retreat from industrialisation. The post-war suburban ideal – the detached brick-veneer home on a quarter-acre block – came to represent stability and respectability. Prefabricated housing, once celebrated as modern and efficient, was redefined as temporary or inferior. Banks and insurers preferred conventional materials and methods that could be easily valued and mortgaged. The result was a profound reorientation of housing policy: the state retreated from direct production and instead facilitated private construction through credit and land release.

This shift placed Australia's housing system onto a finance-led trajectory. The industrial promise of housing as a productive sector gave way to housing as a site of private investment. The Commonwealth and states no longer spoke of housing as infrastructure but as an instrument of economic management, with homeownership framed as both a welfare substitute and a mechanism for stabilising demand.

**Conclusion – Critical Junctures and Policy Futures**

Tracing historical junctures in housing policies reveals that Australia's housing system did not evolve through technical inevitability but through political choice. These turning points – such as the post-war reconstruction secondary industries experiment, and the mid-century financial realignment – highlights when alternative policy pathways were possible, contested and seemingly foreclosed. The abandonment of industrialized approaches to housing construction was not simply a failure of technology or scale; it was a policy decision that privileged private property, small-scale building, and the interests of finance over collective production and long-term efficiency.

Understanding these moments historically helps us see that contemporary housing crises are outcomes of institutional arrangements that have prioritised finance over other agendas such as technology and productivity. The resurgence of interest in *Modern Methods of Construction* (MMC) and prefabrication today echoes the ambitions of the first half of the twentieth century, promising speed, precision, and cost efficiency. Yet unless contemporary reforms address the structural separation of housing and industry policy, these technologies risk being absorbed into the same financial logics that have constrained supply for decades.

Revisiting Australia's post-war history reminds us that housing has the potential to be a facilitator for innovation and industry development. The challenge is not only to innovate technically, but to rediscover the political and institutional settings that once made housing a site of national productivity and public purpose. The lessons of past critical junctures show that more productive housing futures remain possible, but only if we are willing to see housing as more than an asset class.

**Critical Junctures in post 1945 UK Housing Policy (Prof Keith Jacobs, UTAS)**

The aim of this presentation was to both offer some provocations about how we might understand developments in the post war UK housing policy, make sense of housing inequality and the reluctance of successive governments to deter speculative forms of housing investment that exacerbates inequality and social division.

If we look at UK housing policy through an historical perspective, it is apparent that government initiatives to mitigate the problems experienced by low-income households have mostly fallen short of expectations. More households now struggle to meet the costs of accommodation and social housebuilding is insufficient to meet the demand from those living in inadequate and overcrowded conditions.

Academic interpretations of UK housing have often focused on the attempt by postwar governments to increase overall supply to meet the shortfall required to sustain a successful economy and meet the needs of the population. Over the last 40 or so years, attention has been paid to the plethora of policy initiatives undertaken by government. Some of the most notable initiatives are 'right to buy' legislation, urban renewal programmes, landlord incentive schemes and housing rental assistance. Despite interventions by government, many more households in the UK experience housing affordability challenges.

The term 'housing crisis' is now often used by journalists and academics as a term to characterise the current era. Keith suggested that 'housing crisis' is not an appropriate term for characterising the UK housing system. The term gives credence to the view that rising inequality and the shortage of affordable housing are temporary phenomena and if the right policy settings were put in place, there would be a return to normal market conditions. A more insightful characterisation of the UK housing system requires us to highlight the continuities in government policy that continue to favour the interests of capital (speculators, landlords, developers and banks) at the expense of low-income renters. Profits from speculative investment in housing have rarely been taxed at rates that might curb such activity. Governments remain wedded to demand side measures, in the form of rental subsidies to tenants in the private rental market even though they enable landlords to maintain high rents.

Housing researchers, at times, have been rather too optimistic in their assessment of government policymaking. So, for example, in the period after the 2008 GFC and the 2020 COVID pandemic, policies to mitigate housing inequality proved largely ineffective. In its current operation, the housing and taxation configuration continues to present opportunities for wealthy investors to capitalise on the housing shortage.

*Identification of post-1945 critical junctures*

All this noted, there have been junctures in UK housing policymaking where we can detect some  shift in direction. An example is the crisis in private building in the 1960s that led Governments to fund large scale public house building programmes to enable large construction companies to return to profitability (see Dunleavy, 1981).

A second juncture was the demise of the private rental market in the mid 1960s. This was a period when urban populations were in decline and regulations imposed on landlords meant that many chose to sell their stock to municipal landlords. To some extent, private landlordism was revived when the Heath-led Conservative government reduced incentives for local authority municipalisation.

A third juncture in  postwar housing policy took place after a period of high inflation following the Arab/Israeli conflict in 1973 that led to OPEC increasing the cost of oil. The cuts to public housing and the failure to invest in the stock led to its stigmatisation. This process acted as a further incentive for public sector tenants to pursue homeownership options. In a short period, public housing became a residualised tenure.

*Methodological observations*

Finally, we can make some empirical and methodological observations on the trajectory of UK housing policy.

First, the escalating cost of housing in the UK has undoubtedly limited the scope for governments to put in place measures that would assist economic renewal. Housing operates as a brake on aggregate demand as young households remain indebted to banks and tenants in the private sector expend their wages on rents charged by their landlords. We can also observe new class divisions opening in the owner-occupied market; between those young households who are able to draw on family support to access a mortgage and those who are having to remain living with their parents.

Secondly, we can also note the form in which UK politics is conducted makes it exceedingly difficult for governments to pursue radical policies to address housing inequality. The five-year electoral cycle, shortfall in taxation revenue and an ageing population combine to deter reform. Most politicians seem to have adopted a sanguine view that their party would have little chance of electoral success if they undertook major housing and economic action that shifted the balance of class interests. Government's perhaps, because of a fear of economic backlash, are reluctant to put in place bold measures to deter speculative investment in housing.

Thirdly, in respect of methodology, if we are to judge the effectiveness of UK housing policymaking it is necessary to adopt an historical perspective that recognises the primacy of political economy and sees interventions over a long-term period. Judging housing policy in isolation or on a short-term horizon makes it difficult to appreciate the extent to which governments have prioritised the interests of capital over those of labour.

**Response 1 (Dr Laura James, U of Adelaide)**

Thanks for the chance to discuss this important work. My discussion should be taken only as comments. I encourage engagement with the ongoing work of both presenters - Prof Rae Dufty-Jones and Emeritus Prof Keith Jacobs - whose writings on housing's history challenge influential approaches and deep-seated cultural values that are taken for granted even though they underpin debate (e.g. how we categorise populations, the role of government and public policy), which is important for diversity and a better world.

Rae analysed the often-overlooked historical origins of two Australian federal government inquiries in the 1970s. She contended that a policy paradigm shift occurred in this decade that continues to frame current policy debates: state supported, industry-led innovation and construction efficiency vs. market-based solutions such as planning deregulation. By excavating these historical parallels, Rae demonstrated how current housing challenges reflect long-standing tensions in Australian housing policy rather than wholly new phenomena.

Rae presented Bacchi and Goodwin's (2016) *What's the Problem Represented to be?*, or the WPR approach to policy analysis for looking at problem representation. Following Foucault, WPR takes the stance that concepts (like the market) have no fixed meaning but are tactics and tools for political change. This is tremendously liberating because it frees us to use categories (e.g. of populations) and concepts for a range of political projects, such as how a specific policy (like First Homeowners' Grant) itself produces particular sorts of problems (like housing affordability). The WPR promise to shift from problem construction to problem *constitution* parallels with work that compels us to rethink concepts based on their performativity and in terms of – for example – the *diverse* ways that housing markets are conceived of, experienced and performed by those who live and work within them (rather than their social construction, see Christophers 2014; Smith 2005). This focuses mainly on problem *questioning* rather than problem solving and raises issues of the policymaking context including: who owns the problem and issues of jurisdiction and policy domain (see Graycar 2008), who benefits from problem definitions and how we can rethink them, and the usefulness of concepts to illustrate diversity (many ways, many stories). Particularly fruitful was Rae's discussion of the process of WPR analysis. Additional to study findings, I look forward to learning more details of the WPR process, including its utility for analysing economic processes and new technologies (for productivity and problem solving), and also to further critiques of WPR itself.

Keith's presentation on UK housing policy similarly questioned the conceptual utility of the market considering that the profit-oriented housing model (also in Australia) sees many unable to buy in the market, for example, the "Bank of Mum and Dad" is increasingly necessary for young first-time homebuyers in the UK and Australia. Tenurial class divides are particularly salient, because the critical role of housing in economic and social security is aligned with property ownership or investment, thereby excluding renters or people unable to buy, invest or own. Social relations are also marketized, and so renters become profit-oriented (at least in their decision making) when they move to ownership.

As an interdisciplinary housing researcher, I agree with Keith that emerging non-market housing models aren't (yet?) a step-change to profitability. Also, that historical framing is necessary to contextualize any contemporary developments in housing configurations. Features of Australian society that historical framing might consider include: compulsory voting and a well-informed public (e.g. Murray's The Great Housing Hijack; ABC's Housing Hostages; Kohler's The Great Divide; Stone et al.'s We've Been Robbed; Baker et al.'s Forever Renters). That is, at our next federal election there will be ~1 million new (youth) voters. A growing and large proportion of these people are not only themselves unable to buy in the housing market, but are also second gen 'never-owners/forever renters', or parents without the means to act as 'the bank of mum and dad'. Increasingly, Australians of all ages care deeply about problems of climate change, justice, housing inequality and human rights, and concern themselves with their own capabilities to debate across governmentalities and actions of public and private (corporate) actors. It is important that housing research continue this debate.

**Response 2 (Prof Mark Stephens, U of Glasgow)**

Keith Jacob's presentation focused on critical junctures in UK housing policy since 1945, his choice itself implicitly indicative of the war itself as an important critical juncture.

*A longer view*

But I think to understand the trajectory of UK housing policy over the C20th we need to go back to the First World War. Before 1914, the urban housing question had gained the attention of progressive politicians. The Land Enquiry Committee was established by the Liberal Party (unlike its Australian namesake, then the UK's main progressive party) and reported on the eve of the war. It is striking that its analysis is rooted in the politics and economics of land, with the idea of municipal housing rejected as a mainstream solution rejected (see Offer, 1981).

*The First World War led to the creation of housing institutions that were to define the C20th*

The First World War changed that, bringing private sector rent control as a 'temporary' measure in response to rent strikes, and then subsidy for council housing to build the 'homes fit for heroes' when peace eventually came. As Daunton (1984) argues, these measures were seen as being temporary until the market rectified itself – something that proved elusive. It was only in the 1930s that the Conservatives accepted council housing as a permanent fixture and effectively abandoned the small-scale landlords. This, the development of mortgage finance and the fall in interest rates after the UK left the Gold Standard, set in place the institutional foundations that defined post-Second World War housing policy.

*The Second World War utilized the institutions established in the inter-war period and added to them to define the next 45 years*

Although now contested Addison's (1977) book charts leftward shifts in public opinion that coincided with the unprecedented role of state on the 'home front' (rationing, welfare and state control of the economy), that enabled the first majority Labour government to be elected in 1945. Building on the institutions instituted in the interwar period, the post-war period saw the state step up in the direct provision of housing. The housing crisis was prominent as a political issue, but there are some instructive differences with Australia. Prefabrication had been an emergency response to families rendered homeless by bombing, but emphasis was placed on traditional houses after 1945, until the 1950s when subsidies encouraged high-rise and modernized construction techniques and materials. A second difference with Australia was the importance of the strong national land-use planning system introduced in 1947, something that was inhibited by Australia's federal system, a point made by Kohler (2024). Housing Policy was perhaps closer to a population dispersal policy (including New Towns) than a directly industrial policy, although the two were linked (industrial policy also favoured dispersal).

*Economic crisis prompted the retreat of the state*

As Keith notes, the oil crisis in the 1970s was a trigger for the third critical juncture. As with war, economic shocks can be a trigger for both economic and political change. In 1976 the UK took a loan from the IMF which was conditional on cuts. It was the IMF crisis – under a Labour government – that led to the slashing of council house building, never to recover. It also facilitated the ideological shift to the right that saw the Thatcher government returned in 1979.

Here, Kemeny's (1995) argument is pertinent. By 1980 one-third of households lived in housing owned and managed by the state. The council sector was maturing – its loans dated back to 1919 and inflation had accelerated the erosion of the value of debt – and heading towards surpluses. These could have been recycled within the sector to upgrade it and provide new supply. Instead, the Thatcher governments extracted them (which it did by reducing revenue subsidies and, when they had been withdrawn, introducing 'negative' subsidies). Right to Buy (introduced in 1980) decimated the sector, and (temporarily) boosted homeownership. Private sector rent deregulation and financial market deregulation combined to define the shape of the British housing system into the 21$^{st}$ century (see Stephens, 2022).

*The future*

Australia and the UK find themselves with malfunctioning housing systems. National/ federal governments in both countries have heavily invested in the supply narrative, in which greatly increasing private supply by deregulating planning is a large part of the solution.

We cannot reinvent the past, but the past does point to the myriad of ways in which state and market institutions can interact to shape a housing system. In the post 1945 drive to improve housing conditions the state played an active role. Working out how to reincorporate the state is clearly part of the solution.

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