

In response to the global financial & housing crisis:
G-20: We Need a “Green New Deal”

HIC (Friday, 14 November 2008)

In response to the global financial and housing crisis, international housing rights alliances call for essential change of global financial architecture and habitat financing.

For years now, residents associations and housing rights networks have decried rampant real estate speculation, the obsession with private ownership, privatization of public goods and replacing public-interest regulation of markets affecting housing and related resources. These ideologically driven behaviours have inflated costs of housing and suppressed social and community-based production and management of habitat. Meanwhile, international financial institutions have promoted these distortions, conditioning aid to developing countries on their compliance with the neoliberal and megaprojects model, admittedly deepening the poverty of vulnerable millions around the world.

Now that these distortions have led to the world's current financial crisis, housing rights networks call upon the G-20 to build a coordinated programme for financing sustainable habitat. Moreover, the consequent socialization of bank losses at the cost of state programmes for housing, social urban development and development aid risks further deepening the housing and habitat crisis. The needed new remedial programme would contribute to organic solutions for inhabitants threatened by foreclosures, evictions and dispossession and destruction of housing and land globally. Such an international programme would rest on an already well-developed international understanding of housing rights standards as essential tools for improving the living conditions of at least 1 billion slum dwellers and other affected groups from urban and rural communities and cultures.

In all countries, the [Bretton Woods II] programme should support the construction and renovation of needed homes and livable habitats under public/public, public/private, private/popular or public/popular solutions, but with local control. It should encourage sustainable patterns of production and consumption with renewable local resources, strengthening food sovereignty, including urban agriculture, and reducing transport needs as planet-saving priorities. Especially industrialized countries and emerging markets should pursue housing and housing-renewal solutions with reduced consumption of land and fossil energies.

Any new financial framework must coincide with an improved, less-voracious ideological framework that actually respects and sustains people and communities' capacities and the environment. This is the moment of truth to shed the prevailing ideology of acquisition, private interest and the myopia of promoting “growth” over equitable distribution.

Accompanied by public measurements and regulation of global capital flows and financial speculation, such a "global pact on financing housing and habitat" would contribute to the solution of the global housing crisis, correct misguided development in the world economy and global governance since the 1970s and reduce financial speculation. Programme investments would be directed into activities needed in all countries to create jobs and income at local levels. Thus, it would stabilize domestic and world economies in the situation of a crisis and it would open another path of development in accordance with human rights and growth with social benefit. In this context, we call on G-20 leaders to recognize that housing and local infrastructure development, as well as effective citizen participation, have to play an important role in a "Green New Deal."

[The detailed statement follows]

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G-20: Build a Global Social Pact for Equitable and Sustainable Habitat now!

International housing rights alliances call for fundamental change of global financial architecture and financing habitat

On the occasion of the financial summit of the G 20 in Washington, we, the undersigned civil organizations and individuals

- dedicated to the defence and realization of the human right to adequate housing and habitat;
- fighting for many years for the right to decent housing against the consequences of neoliberal policies and financial markets,
- alarmed by the cruel and crude consequences of the financial crisis manifesting itself through mass foreclosures and evictions,
- affirming the moral principles and legal human rights enshrined inter alia in the International Covenant on Economic, Social and Cultural Rights, the corresponding norms of UN human rights instruments, consistent with many UN decisions and documents, such as the Kyoto Protocol,
- support, in parallel, many related statements submitted by civil society organisations and trade unions, e.g.:
 - *"The global economic crisis: An historic opportunity for transformation. An initial response from individuals, social movements and non-governmental organisations in support of a transitional programme for radical economic transformation Beijing, 15 October 2008"* <http://casinocrash.org/?p=235>; and
 - *"Trade Union Statement to G20 Crisis Summit - The Global Unions" ("The Washington Declaration)"* November 2008 <http://casinocrash.org/wp-content/uploads/2008/11/unionstatement.pdf>;
- aware of the emergency character of the current financial and economic crisis;
- aware that many local authorities are already deeply affected by the current crisis;
- aware also that the fundamental character of the crisis requires fundamental and far-reaching change;
- understanding the many interdependencies of the financial crisis with development, energy, climate and employment;

- mindful of the serious threats this crisis presents to social cohesion, democracy, peace and freedom;
- demanding a world leadership that is able and willing to replace discredited paths of development with a new global economic architecture and vision, in accordance with the principles of human rights, democracy and international justice and in effective cooperation with civil society;
- stressing the provisional character of this statement;

Call on the G 20-governments to

- include the countries beyond G 20, including the Least Developed Countries, into the process of redefining the global financial architecture;
- include trade unions, local authorities, civil society and inhabitants organizations in negotiations for development and habitat financing;
- undertake immediate assessments in order to reduce the social, spatial and economic consequences of the current crisis and to change the wayward path of neoliberal financial governance;
- cautiously analyse the housing and habitat factors that have contributed to the crisis;
- be aware of consequences of the crisis and of state reactions affecting housing and habitat;
- immediately develop a coordinated emergency programme, in order to limit negative consequences of the crisis on housing conditions, environments, habitat and local economies;
- regulate financial markets globally without excluding people from access to adequate housing, support and develop alternatives to private mortgage and ownership-based housing systems;
- develop new financial mechanisms for the improvement of the living conditions of at least one billion people worldwide who live in indecent and inhuman housing conditions;
- include the financing of housing and habitat into a necessary “Green New Deal”;
- develop international bodies and instruments that promote access to land by the poor and social regulations of land markets, which are in accordance to sustainable development standards and human rights, also respecting land rights of indigenous people;
- carefully examine the below observations and suggestions.

We should like to remind governments and partners on housing and habitat development that:

- affordable decent housing for all and livable human settlements never can be provided by markets alone, but require consistent public regulation and interventions into the market, including pro-active and equitable land-use policies, public financing and housing provision, rent regulation and legal security of tenure;
- neoliberal policies since the 1970s, by undermining and abolishing these interventions, by privatisation and deregulation, have contributed greatly to the global crisis of habitat and housing, forcing more than one billion people to live under slum conditions;
- the same neoliberal policies, through unequal patterns of trade, structural adjustment programmes and currency speculation, have forced countries into unsustainable debt and have deeply weakened state capacities to meet housing and habitat needs of their populations;
- accompanying neoliberal regional and urban development policies, even in Least Developed Countries, did not provide satisfactory access to land and housing, which particularly affects poor and vulnerable groups, such as women and children;
- the same neoliberal policies, through tax reduction on high incomes and wealth accumulation, the creation of tax havens, the privatisation of pension funds, reduction of real wages, dumping of surplus production and many others have impoverished states and ordinary people, cause an unconscionable concentration of private capital seeking speculative and unsustainable investments in the liberalized financial markets;
- under these conditions, the tremendous deficit of affordable and decent housing has been one of the key factors in the development of the subprime-housing bubble in the United States;
- additionally, speculative investments in privatised housing assets have fired up and brought financial speculation to a new art form;
- one-sided promotion of mortgage lending and homeownership, instead of direct public investment in social and other rental housing solutions, have been a key structural factor in the development of the current crisis;

- foreclosures and evictions already have made ordinary inhabitants into principal victims of the crisis.

Therefore, we warn governments that:

- a socialisation of bank losses at the cost of state programmes for housing and development aid will deepen the housing and habitat crisis further;
- the economic crisis also will reduce people's incomes and make affordable housing more necessary than before;
- bankruptcies in other housing sectors affected by the financial investment industries can be expected to multiply;
- the credit crunch will infect larger parts of housing and urban infrastructure;
- a huge wave of disinvestments in housing and the built environment is likely, while—for social and ecological reasons—the opposite is necessary and desirable.

At the same time, we should like to raise awareness that housing and habitat-related action can be factors and elements of reforms toward solutions, if they include:

- emergency action limiting damage from the crisis;
- a more stable financial architecture;
- a reduction of the economic vulnerability of local communities and territories;
- the creation of jobs, mass income and economic stability alongside poverty reduction and sustainable development.

In this context we believe that housing and local infrastructure has to play an important role in a sustained “Green New Deal.”

As regards essential emergency and immediate action, we call governments to

- immediately implement measures that prevent forced evictions after foreclosure, or because of unpaid rents due to the economic crisis, for instance by a legal moratorium or by bail outs for victims of foreclosures;
- restructure at-risk mortgages as affordable to and sustainable by existing homeowners, wherever possible, with losses absorbed by predatory lenders and investors;
- ensure that homes, apartments and underlying securities acquired by governments as they address the crisis are disposed of in a manner that preserves their affordable character and the security of tenure for the inhabitants, including maintenance of local rent controls, use restrictions, and subsidy contracts, with participation by the inhabitants and local communities in the disposition process;
- avoid bailing out banks without securities, but to nationalize foreclosed housing or the lending corporations in order to keep the land and housing under public control;
- provide alternatives for the public management of housing stocks controlled by hedge funds, private equity funds, or real estate investment trusts (REITs),
- ensure that illiquid and bankrupt states immediately are enabled to fulfil their public duties once again.

Turning to the need for a more-stable financial architecture we are adding to the numerous proposals submitted by other social actors and stakeholders that:

- a satisfactory housing system with secure tenure, socially or publicly owned or regulated, is the best guarantee for stable and nonspeculative mortgage markets;
- privatisation of public housing, land, infrastructure and services must be stopped and reversed, democratising public services;
- housing and infrastructure must be protected against the invasion of short-term financial investments;
- private corporations controlling housing or infrastructure must be transparent and based on regulated and sustainable equity capital;
- housing finance must be separated from investment banking and requires specific standards for transparency, capital requirements and securitization;
- mortgage systems must be transparent, publicly controlled and orientated on long term lending against fixed interest rates with adequate reserve requirements;

- highly speculative financial products based on derivatives on underlying mortgages must be banned;
- leverage in mortgage and housing business must be strictly limited;
- highly speculative funds such as hedge funds must be banned;
- REITs must be replaced by more-sustainable business models;
- states must provide public financing and lending for needed housing and habitat investments at low interest rates, refinanced, in part by, a graduated antispeculation real estate transfer tax, with higher taxes based on extent of gain and rate of turnover;
- significant parts of increased development aid must be invested directly in public housing and habitat, or socially controlled domestic systems for financing housing and habitat;
- the World Bank has to be decentralized, or replaced by other more-accountable mechanisms dedicated, in practice, to poverty eradication, global welfare and equality, with a specific programme line for financing housing and habitat;
- public and collective landownership should be promoted generally.

Taking into account:

- the urgent, fundamental and multidimensional character of the crisis;
- the multiple benefits of improving habitat and housing conditions;
- the duty of states to implement and guarantee social human rights;

We oppose any measure that:

- continues to undermine public and social control over land, housing, public infrastructure and services;
- nationalizes the costs of the bank crisis by privatising the benefits to shareholders;
- leads to authoritarian forms of governance;
- reduces development aid and social expenditure;
- does not consider and empower the local capacities;

Therefore, we demand the building of an International Social Pact for Financing Habitat, that:

- is coordinated among all countries under the umbrella of the UN;
- is integrated in the necessary fundamental change of international financial mechanisms and institutions including the development banks;
- is founded on the full implementation of international housing rights standards;
- substantially contributes to a rapid improvement of the living conditions of at least one billion slum dwellers and homeless;
- directly reduces the number of people who, by growing poverty, precarious housing solutions, antipoor urban development and evictions, daily are forced to live under totally inadequate and inhuman conditions;
- supports the construction and renovation of needed homes and livable habitats under public and/or social control in all countries;
- supports the development of stable domestic mechanisms for financing and promoting social and community housing solutions and habitat;
- directly contributes to social solutions for inhabitants threatened by foreclosures and evictions;
- everywhere promotes sustainable patterns of living, production and consumption, by amongst other things the use of renewable local resources, strengthening food sovereignty, including urban agriculture and reduction of transport needs;
- is based on housing and housing renewal solutions with reduced consumption of nonrenewable resources, especially in industrialized and “emerging market” countries;
- eliminates financial support by development banks and other institutions for large-scale projects leading to forced evictions and a deterioration of the local housing standards;
- refinances the habitat programme by, *inter alia*, a harmonized progressive taxation of wealth and income, taxation of international currency and real estate transactions, closure of tax havens and increased ODA;
- transforms parts of external debts into public land and housing funds.

Accompanied by public regulation of global capital flows, financial speculation and real estate and land prices, such a “Global Pact on Financing Housing & Habitat” would contribute to the solution of the global housing crisis, correct the wrong course in the world economy and global governance since the 1970s, and reduce financial speculation. Investments made possible by the cancellation of external debt and taxation would be directed into needed activities to create jobs and increase incomes in all countries. Such a Pact, thus, would stabilize domestic economies worldwide and open another, more-sustainable path of development in accordance with human rights.

In order to achieve these necessary and urgent objectives, the undersigned international housing networks propose to mobilize local and global inhabitants organizations, urban stakeholders and their allies.

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Done by Habitat International Coalition (HIC), International Alliance of Inhabitants (IAI) and volunteers from the reclaiming spaces list network.

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International Networks and Organizations:

1. [Habitat International Coalition \(HIC\)](#)
2. [International Alliance of Inhabitants \(IAI\)](#)
3. [Centre on Housing Rights and Evictions \(COHRE\)](#)
4. [Housing and Land Rights Network \(HIC-HLRN\)](#)
5. [LOCOA](#) (Leaders and Organizers of Community Organization in Asia)

Other organizations:

1. Unione Inquilini, Italy
2. Ruhr Tenants Forum / Mieterforum Ruhr, Germany
3. Shelter for the Poor, [Dakka](#), Bangladesh
4. Poortgebouw Inhabitants Association, Netherlands
5. W H Y, Vienna, Austria
6. Plataforma por una Vivienda Digna - Platform for a Decent Housing, Spain
7. Kenya Network of Grassroots Organisations (KENGO)
8. [Sulukule Platform](#), Istanbul, Turkey
9. Sulukule Association for Roma Culture Development and Solidarity, Istanbul, Turkey
10. STOP, Autonomous Planners Without Frontiers, Istanbul, Turkey
11. Human Settlements Association, Istanbul, Turkey
12. National Alliance of HUD Tenants, USA
13. Poor Peoples Economic Human Rights Campaign, USA
14. Mieter/Innenverein Witten/Witten Tenants Association & Habitat Netz, Witten, Germany
15. National Training and Information Center, USA
16. Housing Justice Movement, USA
17. Applied Research Institute-Jerusalem (ARIJ), Palestine
18. Institute “Collective Action” (Russia)
19. Building and Housing Social Foundation, UK
20. FRENPROCA, Dominican Republic
21. Association des Comités de Défense des Locataires (ACDL) FRANCE
22. FEDEVI (Federación de Villas), Argentina
23. Red de habitat, Argentina
24. Fundación TIAU -Taller de Investigación y Acción Urbana, Argentina
25. Asian Bridge, Korea
26. Movement of citizens’ initiatives (DGI), St. Peterburg, Russia
27. Programa de Vivienda del Centro Cooperativo Sueco
28. Cofederação Nacional das Associações de Moradores (CONAM), Brazil
29. Asamblea por la recuperación del barrio Ejercito de los Andes, Argentina
30. Qadisiyah Local Community Cooperative, Jordan
31. Runder Tisch gegen Erwerbslosigkeit und soziale Ausgrenzung - BAG Prekäre Lebenslagen e.V. i.Gr., (Federal Coalition on Precarious Living Conditions), Germany
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To see the signatory organizations just click [here](#)