

# The View from Abroad - The London housing crisis

Solid Foundations: Economic  
inequality & the housing crisis

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# BIG CAPITAL



Who is London For?



ANNA  
MINTON

'Fierce, incisive, important. Anyone who lives or works  
in a building should read this book' Will Self

# Life at the Top

- Is linked to life at the bottom
- UK - & Western economies – more unequal than ever before
- Thomas Piketty's 'Capital in the 21<sup>st</sup> Century'
- Income from rent greater than growth & wages
- Casino style property economy
- Focus on super rich & foreign investment – which is linked to displacement communities & destruction public housing

- ‘Surrounded by boxes yet again, about to move knowing that we will be moving again in the new year. I have cleaned and painted the new flat and it’s still a dump with damp patches and a moth eaten carpet throughout. I am 46 and I have lived in over 30 houses and I still have no security.’
  - Jan, graduate, earns £40K & partner works, 2 kids, one sleeping under the stairs





























# ‘The Monaco group’

- ‘Globos’, ‘Stateless MBA beings’, ‘globogarchs’
- ‘Alpha’ parts London home to most billionaires & UHNWI in the world, Notting Hill, St John’s Wood, Highgate
- Panama papers, offshore
- ‘Lights out London’ – same in Manhattan



# ‘Trickle down’

- Isn't it good for a city to attract wealth & investment?
- Wealth does trickle down, but doesn't benefit poor, displaces them
- Old elites displaced from Kensington & Chelsea, move out of London & buy their kids homes in zone 3, Peckham, Acton, Forest Gate gentrify, displace existing residents out of London
- Soaring rents & poor conditions

# Gentrification?

- ‘One by one, many of the working class quarters of London have been invaded by the middle classes...Once this process of gentrification starts in a district, it goes on rapidly until all or most of the original working class occupiers are displaced, and the whole social character of a district is changed.’
  - Ruth Glass, 1964
- ‘Super gentrification’ parts of New York, Barnsbury, Nottting Hill



# This is not gentrification

- Speed of capital flows into London & other cities bears no relation to 1960s-2000s
- Piketty's Capital in the Twenty First Century – rate of return on rent greater than economic growth
- Post 2008 crisis, QE, London as tax haven & policy – 'state led gentrification'















HARDIDGE WAY

# Why?

- Ironical demolishing affordable housing at time of acute housing crisis
- 'Sink estate' narrative – government & Labour councils
- State-led gentrification and the 'rent gap'



# ‘City of Villages’

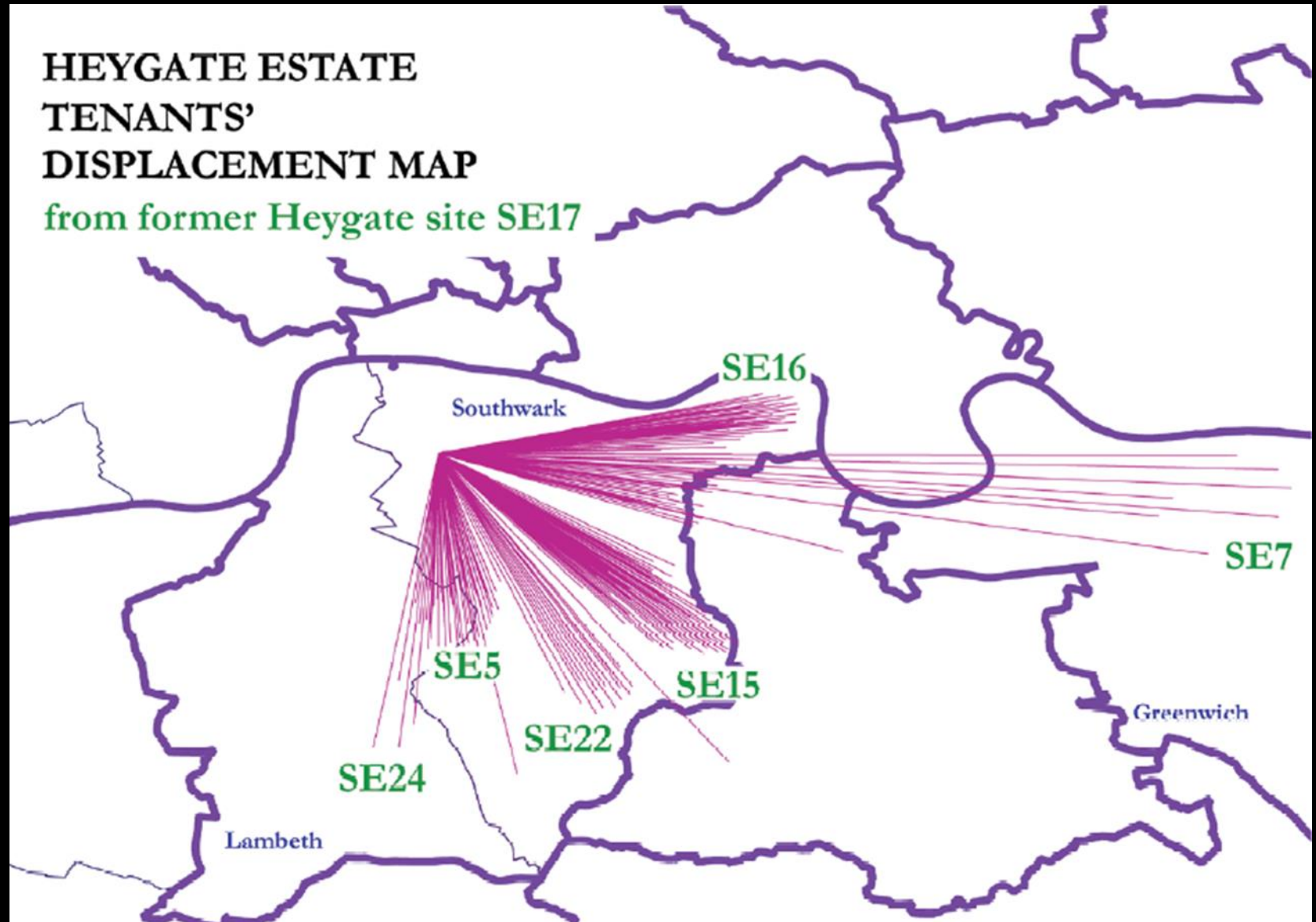
- “The scale of council-owned land is vast and greatly under-appreciated. There are particularly large concentrations of council-owned land in inner London, and this is some of the highest-priced land in the world. The local authority planning regime has got to adapt properly to the potential for [market-priced rent] developments.” Lord Adonis interview in the Financial Times.
- Labour peer appointed chair of the National Infrastructure Commission
- Adonis & Savills ‘City of Villages’ report seen to give official seal to demolition agenda

Prices from £750,000 to £1  
million for a 2 bed



# HEYGATE ESTATE TENANTS' DISPLACEMENT MAP

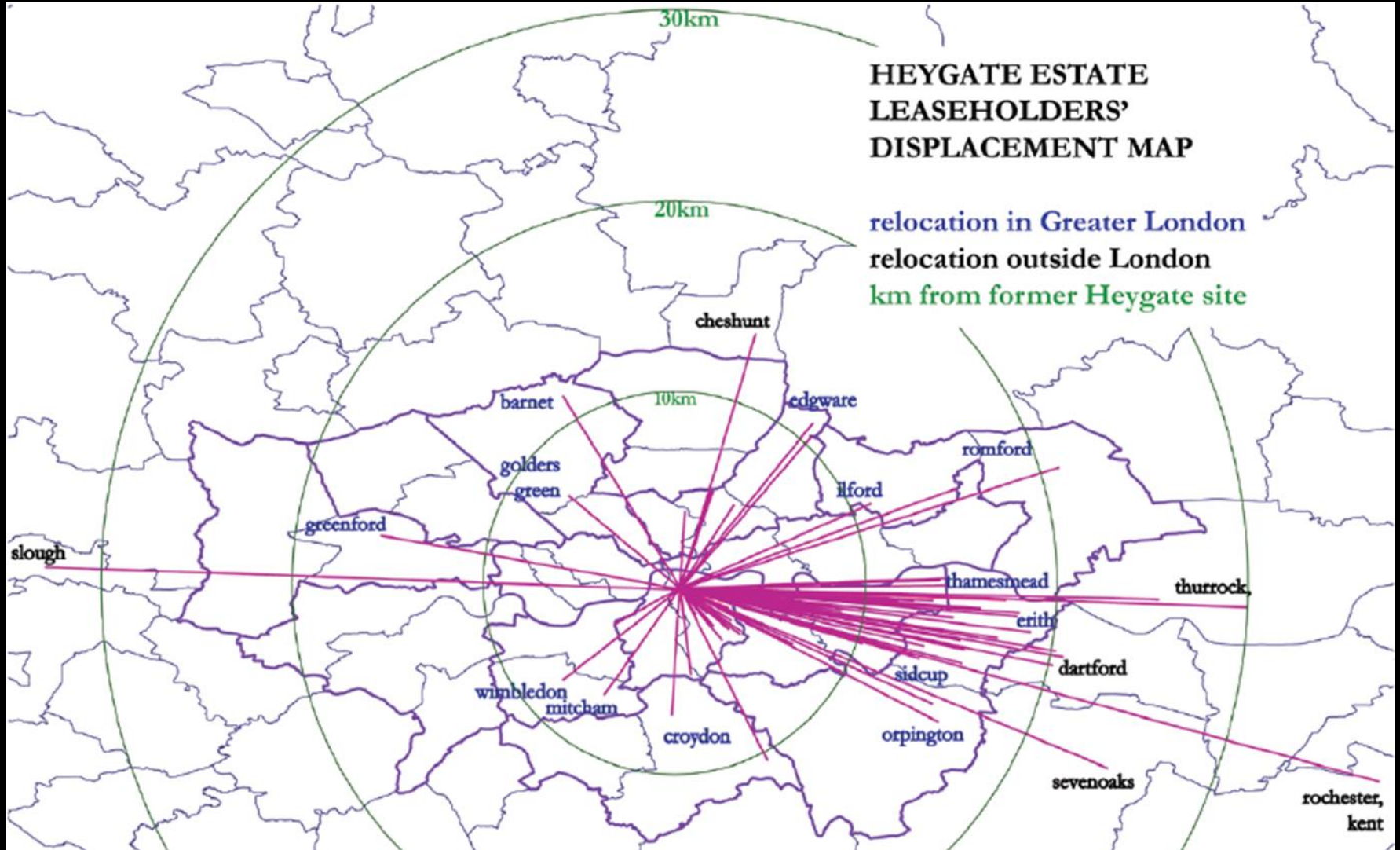
from former Heygate site SE17





## HEYGATE ESTATE LEASEHOLDERS' DISPLACEMENT MAP

relocation in Greater London  
relocation outside London  
km from former Heygate site



# Death of social housing

- 'From bricks to benefits'
- 25 years of Right to Buy
- Stop building council homes & rely on private renting
- Tories don't believe in social housing
- The 'social rent straitjacket is symptomatic to the post war construct' – Policy Exchange
- Rise of Buy to Let & shift to private rented sector, paid for by benefits

# Marketisation housing benefit

- 40% of council housing owned by private landlords wt rents 3/4X higher
- 1/3 social housing private rented
- Housing Benefit bill paid to private landlords doubled from £4.6 billion in 2006 to £9.3 billion in 2016
- While tenants evicted & moved out of London as rising rents & capped benefits means HB no longer covers the rent



# The domino effect

- Now official policy for Westminster move homeless families out of London
- Central London rehomes in East London, East London rehomes in Luton, which rehomes further north
- 'The Local Housing Allowance in Luton for a 1 bed is £650, but £760 in London, so the landlord can get an extra £110 by doing a deal with a London borough. But Luton has a housing shortage too 'so the stupid bit about it is we're having to do the same and move our people...
- 540 households moved out of Newham 2012-2015, some to Birmingham, Leeds & Middlesbrough
- 50,000 families moved out of their boroughs, 6 per cent out of London



# Generation Rent

- ‘Rent to rent’ – bed spaces
- No regulation private rented sector
- ‘There are more regulations to run a cattery than a home’ – Betsy Dilner
- Poor conditions, lack of repairs, landlords add toilet and stove into a studio and rent it as a flat – 5/6 ‘flats’ in 2 bed house











# Exodus

- 14-18% vacancy rate nurses at London hospitals
- Entrants to teaching down 16% since 2010
- Fifty thousand homes – business-led group including CBI shows on current trends customer services & sales staff pushed out at every level
- Those who remain put up with the unacceptable
  - Jan

# How did it come to this?

- The problem is the solution
- Post war settlement NHS & Housing act - Bevan's vision for 'the living tapestry of a mixed community' where 'the doctor, the grocer, the butcher and the farm labourer all lived in the same street'
- 1947 Planning Act included mechanisms ensure that huge rises in land value come wt granting planning permission contribute to affordable housing

# Land Tax

- Land Tax supported by Adam Smith, Lloyd George & Churchill
- Used in many countries
- Difficult to administer but existed on and off until 1986 Nigel Lawson abolished it
- Failure 'Section 106'
- Farce of 'financial viability' & tiny amounts affordable housing
- Profits top 5 housebuilders up by 480% 2010-15



# The Right to the City

- Enshrined in UN Habitat III but huge challenges
- The city as a contested space, not a market-led monoculture
- End the monopoly of the speculative housebuilders
- Democracy – ‘estate regeneration’/demolition
- Land Value Tax
- Build social housing – not by councils acting as developers
- Clamp down on money laundering & tax haven status