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- In case of doubt, contact
  - m.edwards@ucl.ac.uk
- Later: I only got to about #36. There is more. And links/readings in the last slide.
London planning: agglomeration, density, housing, rent (and Brexit)

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Scope

Explaining the Brexit vote – very little
Vulture capital seeking chaos to exploit
Some mainstream capital ending protection of labour & environment
Failure of left to offer a challenge to neo-liberal hegemony
Scapegoating foreigners
An un-planned coalition; not simple
What is Brexit doing to London so far?
What are the prospects for London if Brexit happens?

Theoretical approaches
London analysis
Just Space & challenges

Graphic: @BillyBragg
Brexit effects so far

- Serious reinforcement of xenophobia, legitimation of racism, divisions within classes
- Labour shortages as deportations, the threat of deportations and generalised fear / feeling unwelcome, begin to bite. High level and low level skills all affected. Au pairs down 35%.
- Desperation among sections of capital: manufacturing (esp aerospace, vehicles, pharma), agriculture and food; logistics; construction
- Freeze of investment in these branches, except in training
- Alternative plans being made
- Downturn in prices of London housing, led by the luxury end of market; ? crash on the way. But falling value of £ works the other way.
Brexit prospects

- Shift/share types of analysis predicting worst effects of actual brexit will be in manufacturing sectors and thus regions, with London less affected. Existing huge disparities would grow worse.

- Financial and related sectors: clear signs of financial market firms moving staff and trading activity: Paris, Lux, FF, Dublin but also NY, Singapore, HK. Final extent of all this not clear. Financial sector and London business optimists confident that the unique features of London’s agglomeration will survive, including its legal, accountancy and consultant roles.

- Insurance expected to be less affected than investment banking, forex and so on.

- Pessimism in the architecture/planning/engineering export sector.
Prospects for other European regions

Note the diffused effects of brexit in depressing growth across Germany & rest of Europe, especially Ireland

And the continuing crisis of the Eurozone…
UK in context: the only EU nation state where GDP has grown while wages declined.
Falling wage share of GDP

via Christian Zeller

(The non-wage part is profit+rent, but they are impossible to separate in stats)
Falling wage share of GDP via Christian Zeller
Slightly misleading because the richest UK region (Inner London West) is under-bounded. But broad picture accurate enough.
Rent theory: two schools of thought

**Mainstream:** rent and land value issues are seen in simple versions as supply/demand balance problems: if rent/prices are too high “we” must simply build more.

In more sophisticated versions, rents & land values are modelled as the outcomes of multi-factor attributes of properties interacting with preferences: location and accessibility, property size, proximity to good schools, environment and so on.

State mainly enters as a **constraint** on demand being met, managing externalities.

**Marxist:** rent is based in the social relations of ownership of land and the relative power of owners and users (both businesses and households). Distinct forms of rent can (re-)distribute surplus value between landlords and capitalists and among different classes of capitalists. Rent can also, crucially, play a role in the class struggles between labour and capital via the cost and security of housing.

State constituting & enforcing markets, structuring power relations, unblocking contradictions, doing infrastructure, bearing risks.
Marxian Rent theory and the current crisis in London

This talk treats London’s recent experience as a case study. A case of what? Of a city whose social relations are being damaged by rent and by agglomeration.

My main activities involve me in speaking to citizens’ meetings, to policy people and to students new to the field and my habit is to keep theory in the background.

In this talk, however, I am trying to place the theoretical apparatus more explicitly and visibly at the front. The 2 key areas of theory are rent, as construed by Marx and Harvey, and agglomeration as a very central imperative in mainstream urban thought and policy. Both connect with the underlying issues of value.

The narrative follows the recent history of London’s housing and land markets, the erosion of non-market housing and common space, the various roles of the state and the antagonistic class relations being played out in this process.
Slight uptick in London prices vs peak. London now over 36% higher than Q1 2008; UK excl London & SE up 2%

#ukhousing
housing has become less affordable

Ratio of mean house price to estimated median earnings in London

Mean house price
Change
2007 pre-crash - 2013

Sources:
England and Wales: DCLG Live Table 581;
Scotland: Registers of Scotland statistical releases.
Map by Tristan Carlyon
Housing cost to net household income ratio for UK working age households, by region

ResolutionFoundation @resfoundation · Oct 7
Worth remembering housing affordability is not just a London problem. Housing costs have squeezed incomes across country in last 20 years
Change in real-terms median net household income (RPIJ-adjusted), 2007-08 to 2013-14

BEFORE HOUSING COSTS

Level of median net household income in 2007-08 (2013-14 prices, RPIJ-adjusted)
Change in real-terms median net household income (RPIJ-adjusted), 2007-08 to 2013-14

AFTER HOUSING COSTS

Level of median net household income in 2007-08 (2013-14 prices, RPIJ-adjusted)

- London: biggest AHC income contraction
Chart 2 The size of financial systems\(^{(a)}\)

Size of financial systems in different countries over time. The percentage of GDP for different years and countries is shown. The sources for the data are OECD, ONS, Radcliffe Report (1959), Swiss National Bank, Wilson Report (1980) and Bank calculations.

\(^{(a)}\) ‘Financial system’ is defined as total assets of the financial corporations sector, measured on an unconsolidated basis, including derivatives.

\(^{(b)}\) For 1958 and 1978, the total assets of the individual subsectors covered in the Radcliffe and Wilson Reports are summed to give an illustrative total for the financial system.

\(^{(c)}\) Data for Switzerland are as of 2012.
UK Tangible Assets: market value
UK Tangible Assets: market value
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UK Tangible Assets: market value
Figure 3: Households sector value of land and its overlying assets, 1995 to 2016

UK

Source: Office for National Statistics
Wider and deeper commodification of urban space

• direct privatisation
  – social housing
  – PFI health, schools, prisons
  – Utilities: water, telecom,
  – care homes, fire engines
• property market mediates access to…
  – schools
  – green environments
  – air quality etc

• how does reproduction work in such a place?
  – sucking in from abroad
  – long-haul commuting
  – Overcrowding, homelessness
  – subsidies to rents
  – BUT these subsidies being cut >
    London is dramatically segregating

• What role is the crisis playing?
  – further entrenching rent as a claim
    on surplus
  – lowering real wages

See Lapavitsas and Louis Moreno – in bibliography
Current London policy imperatives

• The London Plan is built on the absolute imperative of adding 65,000 dwellings per year (25,000 now)
• This is the logic to drive the Plan…
• Redevelopment of social housing estates
  – Displacing tenants
• Rebuilding shopping centres for dense housing
  – Displacing enterprises, jobs, services
• Displacing MORE work-space
  – enterprises, jobs and services
• Taking common space for private housing use
Figure 8.9: London’s projected population, every ten years between 1801 and 2041

Source: ONS Census (historic data), GLA 2015 trend-based population projections (long-term migration scenario)
Agglomeration

Mainstream concept

Larger concentrations of people and business in cities generate economies (cost reductions) for enterprises
- Via proximity to similar firms (gossip, larger labour pools, specialisation)
- Via proximity to complementary firms (better supply chains)
- Support for better infrastructure (airports, universities)

But…
Diseconomies flowing from
- Congestion and pollution
- Increased travel times/costs
- Rents, displacement, insecurity

Critiques not well-developed;
Incence is ignored: who gains, who loses?
Optimum can be imagined but no mechanism to achieve it.
[ Fragments in geography of uneven development, European Spatial Development Perspective ESDP, gender studies, equalities ]
Map 4.7: London conservation areas and Green Belt

Source: English Heritage, Conservation area boundaries provided to GLA
Figure 6.1: GLA Economics long-run employment projection to 2041

Source: GLA Economics
... with London specialising in financial and business services ...

London’s broad sectors: Index of Specialisation and share of London’s output

Source: GLA Economics based on data from the ONS Business Register and Employment Survey (BRES) and ONS Regional Gross Value Added (GVA) series
Rent does much more than simply reflect accessibility to the centre.

Land captures:
- differences in schools
- air quality
- landscape
- local services;
- any local monopoly;
- extra density

![London house prices per square foot](image_url)
<table>
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<tr>
<th>Area</th>
<th>Industrial £/ha</th>
<th>Residential £/ha</th>
<th>Industrial £/per sq.m</th>
<th>Residential £/per sq.m</th>
<th>Ratio residential to industrial</th>
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<td>1570</td>
<td>3.2</td>
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<td>Central Services Circle</td>
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<td>52.0</td>
<td>680</td>
<td>5200</td>
<td>7.6</td>
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<td>3330</td>
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<td>250</td>
<td>2070</td>
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<td>740</td>
<td>5200</td>
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<td>740</td>
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<tr>
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Today: phenomena

- Symptoms of a severe crisis for low- and middle-income workers
- Homelessness growing
- Overcrowding growing
- Space standards low (m²)
- Low output of housing compared with “need”
- Rising prices, even now with credit less easy
- Huge growth of private renting: insecure and un-regulated
- Diverts investment from productive uses
- Extinguishes much of the existing economy
- Feeds inequality by enriching owners at expense of non-owners
- State spending on infrastructure very costly & centralising
- State spending on housing benefits very costly (even after cuts)
Some priority people MUST be given temporary housing by law. Often it is now outside their home borough (yellow).
Property relations in the UK - interpretation

- weakened manufacture
- cheapening of imports lowers reproduction costs (China etc)
- geographical concentration of asset values, growth in SE
- supply of space limited by private ownership and planning
- taxation favours owners (REITS, tax breaks for landlords, owner-occupiers)
- rent controls & security, removed in private rent housing
- long history of leases favourable to landlords
- Financialisation wider and deeper (PFI, utilities, privatisation generally)
- widening inequality (both cause and effect)
  - inter-generation transfers
  - gender inequalities
  - inter-class transfers
  - Inter-region divergence
- breakdown of pension system
  - so people buy more property
- easy credit (pre-crash)
  - for owner-occupation housing
  - For investors in rental housing
  - for commercial property
- It is a class struggle, but not a simple one because of the fragmentation of working class by housing tenure forms
More density: always good?

- 1999 report “Towards an Urban Renaissance” – task force led by Richard Rogers
  - Trying to get middle class back in to cities
  - Trying to protect green land outside cities
  - Trying to support public transport
  - Main proposal: dense, mixed-use urban areas

- BUT…
  - In London Middle class never abandoned the city (not Detroit or Manchester)
  - Added density in areas already dense overloads services, green space
  - Encourages land price rises; density is a tremendous generator of rent
  - Is applied mainly in working-class areas, not expensive areas
Heading to @LondonatMIPIM? Share 3D models of your consented schemes to feature in the largest, most accurate digital model of #London. For every model received, #VUCITY donates to @LandAid #Londonisopen #EndYouthHomelessness #LandAidHouse bit.ly/2Bvzo4k
Back to rent theory

• Landownership v productive capital
  – Growing direct tensions (space, rent, retail collapse)
  – Indirect tensions via worker housing

• Capital/land v workers
  – Pressure on real disposable incomes from housing rent & purchase costs
  – Expulsion of workers to periphery and beyond
  – Losses of services, spaces, community, industry

• Contradictions for the state
  – Paying welfare benefits to reduce risk for landlords
  – Heavy infrastructure costs of supporting agglomeration
Crossrail 1, opens 2018
Crossrail 2 starts 2020

Expected to cost £30 bn & increase values of existing homes by £60 bn
Re-structuring class – occupations 2001-11

Red: occupations moving up

Blue: occupations moving down

Highlights many of the residential development hotspots over the 2001-11 period
Mortality rates in the London Borough of Kensington (all deaths 2011-2014)

http://www.dannydorling.org/?p=6523
Elephant and Castle: the Heygate Estate
- an extreme case of state-sponsored gentrification
Heygate estate (1970± (above)) now demolished
And being replaced by Lend Lease corporation (left).
http://elephantamenity.wordpress.com/
1100 social housing units replaced with
2300 of which 71 socially-rented
UCL planned new campus beside Olympic Park.

UCL Stratford - the provision of flexible and sustainable space for teaching, research and living.

UCL's initial technical consideration of the site concludes that it has the potential to accommodate 1.5m - 3.0m ft² of space, an investment of around £1 billion.

This is not a representation of the scheme that will ultimately be developed.

UCL Stratford is not envisaged to be an east London 'satellite' to the Bloomsbury campus, but a new internationally recognised research-led hub.

UCL student presentation September 2013.
Greenwich peninsula proposals
Vauxhall – actual photo, with more under construction
“Regeneration” targets poorest
Agglomeration as the key to growth?

- Positive benefits
  - Enjoyed mostly by employers, property owners

- Negative effects
  - Suffered mainly by citizens
  - Costly for the state to mitigate

- Is there a mechanism to produce equilibrium?
  - NO
  - State expenditure on infrastructure feeds property value growth, harvested by land and property owners including established owner-occupiers

- For example: London’s next radial railway scheme, Crossrail 2, is estimated to cost £30billion and to increase the value of the affected housing stock by £60bn.
“London is one of a kind and it is being destroyed in exchange for short term profit for the few.”

—an art director planning a move from Westminster to Wales

londonischanging.org
‘I used to think people who left London were giving up. Now I'm one of them. I just can't afford to romanticise the incredible exploitation anymore.’

—a graphic designer who recently relocated from Lewisham to Cambridgeshire

londonischanging.org
Activity of Just Space

- London Plan
- Borough Plans
- Major projects/Development Corp’s
- Neighbourhood Planning
- Conferences + work groups
- Publications & “Protocol” for work with universities
- Strong links with UCL and other universities
- **What it is not**
  - A party
  - A campaign
  - An NGO or ThinkTank
  - Technical aid for communities

- **What it is**
  - A network of organisations/campaigns/groups
  - Mutual support
  - Minimum constitution
  - Tries to work by consensus
  - Multi-scale
No alternative…

- “Just Space” as an example capable of disputing “There is no alternative”
- How the alliance came together; who it speaks for and how; its approach to achieving change
- Reflection on successes/challenges

Image from London for All, Just Space, 2015
Issues:

- Feasible to link green, red, localist, ethnic etc fragments?
- Peter Marcuse’s “alliance of the deprived and the disappointed”?
- Prospects for success in changing the plan? Mixed.
- But worth fighting?
  - Challenge to the discourse
  - Open up procedures, demanding resources
  - Building a more sophisticated community
  - Very good for university to take part for education of students; AND changing research agendas
    - Jessica Ferm, Sarah Bell [UCL Engineering Exchange], Myfanwy Taylor
'In 1941 Lord Reith, who then was Minister..., asked the London County Council to prepare a plan and to work it out without paying overmuch respect to existing town planning law and all the other laws affecting building and industry but with a reasonable belief that if a good scheme was put forward it would provide reasons—indeed more than "reasons"—the impulse and determination to bring about whatever changes in law are needed to carry the plan into effect.’ The County of London Plan explained (1945)
Process

- many conferences, workshops
- Working groups in parallel
- Some student and university inputs throughout
- Getting agreements on hard issues:
  - Private renting: how radical to be
  - Green belt
  - “diversity” versus class
Issues:

- Feasible to link green, red, localist, ethnic etc fragments?
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Image: Sheila Smith on day 1 of the Eurostar service
Alternatively...

- Salaries, tax and re-valuing work
- De-growth, post-growth, growth of what?
- Land reform
  - Including wealth and property taxes
- Collective services and commons
  - Including re-creating non-commodity housing
- Making better use of existing housing stock; protecting & growing non-profit sector
- Stabilising house prices: ladder flat on ground
- Restoring tenant rights, right to stay put
- Geographical divergence in UK and within London
- Reduce the need to travel
Discussion on financialisation, London, rent. Costas Lapavitsas, Louis Moreno, Joe Penny and me. BLOG
http://www.city-analysis.net/2018/08/04/financialisation-and-the-london-question

David Harvey The Urbanization of Capital and The Limits to Capital;


My approach to UK land, rent, housing is written up in


Urban Pamphleteer #2, UCL Urban Lab on “Regeneration” 2014
http://www.ucl.ac.uk/urbanlab/news/UrbanPamphleteer2RegenerationRealities


London Tenants Federation and Just Space: Conference of resisting gentrification


London opposition material: JustSpace.org.uk


Jamie Gough, Brexit, Xenophobia and left strategy now https://michaeledwards.org.uk/2017/04/05/brexit-xenophobia-and-left-strategy-now/