

London's housing crisis demands a socialist solution

David O'Sullivan
6 May 2015

The following is a statement by David O'Sullivan, the Socialist Equality Party's general election candidate for Holborn and St. Pancras.

Holborn and St. Pancras is one of the most socially polarised areas in the capital.

The constituency comprises most of the London borough of Camden, which has the highest level of social housing in London. Many residents are dependent on welfare assistance. A third of households need housing benefits, which the government has capped. Many workers and pensioners, who have lived here for generations, are being forced out of London.

In the last few years, there have been a number of protests against the government's housing policies, which are enforced by local authorities that are in the main run by the Labour Party.

Last year, a group of mothers were told by Newham Council they would be rehoused outside London. To oppose this social cleansing policy across the capital, they set up the Focus E15 campaign and began the occupation of an empty block of former social housing flats at the Carpenters Estate in Stratford, east London.

The campaign forced Newham Council to reverse its decision, but it and other councils continue to attack the rights of working people to live in affordable social housing. In April, police officers, in the presence of a Newham Council official, arrested Jasmin Stone, one of the Focus E15 campaigners. Stone was protesting the eviction last month of Jane Wood and her 14-year-old daughter. Wood, who has suffered from mental health problems, lost her eligibility for welfare benefits and built up rent arrears following a "review" of her health that lasted just 10 minutes.

These attacks are set to escalate with the Conservative Party announcing measures in its manifesto that will further reduce the number of social housing units available to let to low-income families and push up rents.

This will fuel the housing bubble that is making home ownership and rental increasingly unaffordable. Once again, the banks, mortgage lenders and the financial elite will be the winners.

The Tories will extend the Thatcherite "right to buy" at a discount policy from council housing to also cover 1.3 million households that live in housing association properties. The housing associations will receive the full market value, with the government making good the estimated £5.4 billion shortfall.

To fund this, councils will be forced to sell off the 210,000 most expensive homes in their housing stock, turning the remaining council homes—inevitably the least desirable—into residual housing for the most destitute. It is expected that many cash-strapped families will take advantage of their right to buy at a discount worth up to 50 percent to make a quick and profitable sale in a housing market that rose nationally by 7.2 percent in 2014.

Nowhere will the impact be more disastrous than in London—home to more than 10 percent of the UK population—where the cost of housing has sharply increased. The result will be a social catastrophe for millions of families.

According to the estate agent Savills', the total value of London's housing rose by 20 percent, or £247 billion, in 2014 alone and by 61 percent, or £563 billion, over the last five years—far more than in the rest of the country. The annual price increase across all London property was nearly 18 percent.

This is making home ownership unaffordable for growing numbers. In 2013, first-time buyers with a household income of £53,000—two average incomes—were paying 21 percent of their income on a home costing £264,000. That included a £199,000 mortgage and a £65,000 deposit raised by some combination of savings and help from parents. In 2014, with house price inflation,

even with a higher income of £55,000 the deposit required to secure a mortgage had nearly doubled to £114,000.

In London, the average cost of a house is now a staggering £502,000, nearly twice the national average. The cost has been increasing each year by more than the average annual wage.

This huge increase is not the result of blind market forces but of deliberate policies by successive governments. This began in the 1970s with the Heath government's abandonment of council house building and the move to subsidise the cost of housing for tenants that enriched the landlords and banks.

In the 1980s, the Thatcher government gave council housing tenants the "right to buy" in the largest ever privatisation of public assets, and encouraged councils to either sell off their estates to Registered Social Landlords, Housing Corporations and Associations, or privatise their management.

Since then, various measures driven by developers, financiers and landlords have encouraged home ownership and buy-to-let purchases, including tax breaks and low interest rates. New legislation allows workers aged 55 and over who have a Defined Contribution pension with their employer to withdraw their pension pot and spend it as they please, a measure expected to fuel the buy-to-let sector.

There are now more than 80,000 empty homes in the capital. Many are owned by Russian oligarchs and Middle East and Asian billionaires, not to mention Greek plutocrats seeking a safe haven for their money. The development of this investment market in housing and the ability of City wheelers and dealers to pay inflated prices have pushed up housing costs across the board.

The number of £1 million-plus sales in 2014, 18,000, is expected to be higher than in 2007, before the banking collapse, with the number tripling over the last 10 years. By far, the biggest increase in £1 million-plus sales has been in London, where such sales have risen by 80 percent since 2007. Some of the biggest increases have been seen in London boroughs long associated with poverty such as Hackney, Lewisham and Southwark because of their proximity to London's financial districts.

At least 240,000 new homes are needed every year, but fewer than half that number are built. The failure to build either public or even significant numbers of affordable private homes has led to house prices rising three times faster than incomes over the last 10 years.

Britain's capital is becoming the playground of the financial elite, while young people and workers on low

incomes are forced out to London's fringes. More young people than ever are staying at or returning to their parents' homes.

The situation in the rented sector is no better, with prices rising astronomically. According to estate agent Knight Frank, one-bedroom flats in London "at around £400 a week [are] entering and leaving the market within 24 hours." Rents in the private sector consume a massive 40 percent of income.

The housing crisis is leading to evictions, repossessions—42,000 nationally last year—and homelessness, while London councils threaten to remove tenants to low-cost housing hundreds of miles away.

Official figures reveal that in the last three years alone a staggering 50,000 families have been forced to leave London, due to welfare cuts and soaring rents. London councils, mostly Labour-run, are currently moving homeless mothers and children out of their boroughs at a rate of close to 500 families a week.

The housing shortage is creating a social catastrophe. The explosion in private renting results in overcrowding and dreadful conditions, and is a boon for exploitative landlords.

Last year, more than 6,500 people were sleeping rough in the city with the third largest number of billionaires per capita in the world.

The social right to housing can only be defended by the development of a mass movement in opposition to the existence of a tiny layer of super-rich parasites who are making life all but impossible for the vast majority of workers and young people.

The Socialist Equality Party's manifesto calls for the socialist reorganisation of society and "an end to the anarchy and wastefulness of the profit system. We say the wealth must be taken from the billionaires and used to meet essential social needs. All austerity measures must be reversed and billions poured into the economy to end unemployment and provide decent-paying jobs, free and high-quality health care, housing, education and social services for all."

For further details visit www.socialequality.org.uk



To contact the WSWs and the Socialist Equality Party visit:

wsws.org/contact