Notes on London’s housing crisis

Hundreds demonstrate in London against proposed Housing Bill

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Hundreds of London residents took part in a national rally against the Conservative government’s Housing Bill in March.

Set to be passed this month in parliament, the Bill would put an end to secure tenancy agreements for new social renters, impose higher rents for some higher earning council tenants and add a requirement for landlords to check a tenant’s immigration status.

The Housing Bill also forces the sell-off of valuable council homes in order to fund the extension of the government’s “Right To Buy” policy to housing associations.

Anna described to the WSWS the situation faced by many:

“I’m paying £150 a week and if the bill goes through, it will go up to £675. This means our family will have to give up working. We will be living out of food banks.”

Daniel lives in a council flat in Camden. He and his wife have a combined income of just over £40,000: “We don’t have enough money to buy or to pay for the increase in rent. The current market rate where we live in Kings Cross is between £3,200 and £3,000 a month. If you tally it up it is almost what we earn together.

“I have heard cases in Southwark and Tottenham and in Haringey where Labour councils are selling social housing and the people don't have anywhere to turn. None of the big parties are on their side.

“There are a lot of ordinary people in social housing who try to work and get on with their lives. This is what is called social cleansing, which is totally unfair. Building houses for the poor was something that was done in the past and we need to get off this neo-liberal agenda.”

Price of London housing continues to soar

Figures from the Land Registry show an annual house price rise of 13.5 percent in London--double the national average. According to the Office for National Statistics, in January of this year average prices rose nearly £500 a day in the capital, taking the average cost of a house to a record £551,000.

Rents have also increased, with the average tenant in London paying 3.8 percent more than this time last year. Wages have not even kept half-pace, growing only 1.6 percent in England and Wales over the same period.

London prices, with all of their associated social ills, are beginning to spill over into nearby commuter cities and counties as people priced out of their homes in the capital drive up demand. Slough, Luton and Reading saw annual price rises of 19 percent, 17 percent and 14.6 percent, respectively. In Thurrock, Essex, a 17.2 percent rise was recorded.

Persistent overcrowding in London boroughs

A small number of high profile raids by police and local authority housing officers in March found 70 people living in four homes in the Borough of Barking and Dagenham.

In one property, on Green Lane, eight people were found living in a single room. The raids are ostensibly directed towards enforcing landlords to pay a new license fee, but are in fact targeted against immigrants.

Local councillor and Labour Party member, Laila Butt, commented, “We will not tolerate or accept this attitude from rogue landlords.”

She said much the same in July of last year, when 21 people were found living in five bedrooms across two homes--one of which had six children and seven adults sharing the space.

In response to the discovery of 50 migrant workers living in just four houses in October 2015, her co-councillor, Labour’s Darren Rodwell, said, “We've got to have a really serious talk about how London can accommodate the new people coming in but also the existing people that are already here.”

The truth is that the Labour council is complicit in the housing crisis, having imposed savage budget cuts estimated at £185 million between 2010 and 2020. It has roughly 13,000 people on its housing waiting list.

Housing charity sells 63 homes to private developer

In a meeting in parliament in March, Keith Nunn, chairman of Glasspool Trust housing charity, brushed off the eviction of former tenants, whose houses had been sold by the charity to a private developer.

Glasspool Trust provides accommodation at below market rents. In January, it sold 63 of its houses at Butterfields Estate, Walthamstow to a private developer Butterfields E17 Ltd. Tenants have since been evicted to allow the developer to sell their homes on at a profit. Nunn said that the charity had made money and that such things happen.

Butterfields E17 is looking to take advantage of the ongoing redevelopment of Walthamstow to suit the needs and tastes of richer layers of society. Prices in the borough have risen 32 percent in the last year as part of a general process of gentrification. The Butterfields estate is close to the desirable locale of Walthamstow Village.

Discrimination against benefit claimants

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Digs, a group supporting private renters in Hackney, has launched a campaign against landlords deliberately rejecting potential tenants on the basis that they claim housing benefit.

The problem extends beyond landlords to the mortgage providers with whom they have a contract. Most buy-to-let contracts state that housing benefit claimants are not to be accepted as tenants.

Those contracts allowing for tenants claiming housing benefits tend to charge much higher rates. Likewise, insurance against damaged property and non-payment of rent is hard to obtain for landlords who wish to house benefit claimants. For private landlords, the easier and more profitable course is to reject these potential tenants.

Renters outnumber homeowners in London

Data from the government's English Housing Survey shows private renters in London now outnumber homeowners.

The number of tenants in privately rented housing has more than doubled since 2003/4, from 405,000 households to 898,000. This compares to 883,000 households living in mortgaged homes--down 17 percent on last year.

Confirming recent research, a PricewaterhouseCooper (PwC) report indicated that younger people--aged 20 to 39--are especially likely to be forced into rented accommodation. According to the Inter-generational Foundation, the number of those under 34 renting has doubled in the past ten years.

PwC indicates that this trend is likely to continue, with the expectation that 60 percent of households will be private renters by 2025 and 40 percent mortgage owners, reversing the situation in 2000.

Historic shopping centre to become luxury apartments

The Whiteley's shopping centre--the first department store in London located in Bayswater--is set to be redeveloped into 103 luxury homes, none of which are scheduled to be listed as affordable.

The build will also include shops, a gym, a boutique hotel and an underground cinema. Over 1,000 local residents have signed a petition against the development, protesting the neglect of affordable housing and the destruction of an historic landmark.

Property developers reduce "affordable" housing quotas

Property developers are doing all they can to avoid meeting required allocations of affordable housing in London new builds. Just 8,374 affordable homes were built in the capital in the year 2014/15, roughly 5,000 short of the 13,200 target set by the Mayor of London's Office.

London is being refashioned as a private city of the rich. This is the content of the support of Zac Goldsmith, the Conservative candidate for London Mayor, for the demolition of London's council estates.

In Brixton, May Developments is building a 37-unit tower block of which only seven units are to be listed as "affordable". Lambeth Council nominally requires a figure of 40 percent. Even seven units was considered too high, with May Developments speculating in a report to the Planning Committee, "We wonder with how much enthusiasm the affordable units will be marketed?"

Given Lambeth council had 22,000 people on its waiting list for affordable housing last year, May Developments is hoping to keep the properties unsold for long enough to justify raising the price to an "intermediate rent."

Protest at lack of affordable housing at redevelopment of West Ham United ground

The redevelopment of West Ham United's Boleyn Ground stadium by Galliard Homes is scheduled to include only a small fraction of "affordable" housing.

On March 10, protesters demonstrated outside the Old Town Hall in Newham against a development of more than 800 new homes incorporating just 25 percent of affordable housing. The Boleyn Ground is located in Newham, and the Galliard proposal was accepted by Newham council at the meeting being lobbied--despite the Labour-run council normally stipulating that new developments include between 35 and 50 percent of affordable housing.

Just 211 homes in the development are classed as affordable, including 84 available for shared ownership. In its original proposals, Galliard offered just 61 shared ownership homes and no social housing.

Galliard Homes bought the land from West Ham United for an undisclosed fee and will take ownership of it later this year when the club moves to the former Olympic Stadium in Stratford. The Olympic Stadium was taxpayer funded and has so far cost more than £700 million to construct and transform into an all-purpose stadium. West Ham United paid just £15 million as a one-off upfront cost and agreed an annual rent of around £2.5 million to be the anchor tenants on a 99-year lease.

As of August 2015, there were a total of 15,721 applicants on Newham's waiting list for social housing. Nearly 3,000 of these have been waiting a decade or longer and 3,370 for between five and 10 years after applying for housing. Social rents in the borough are the highest in the country on average, at £128.89 a week, according to the Office for National Statistics.

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