The policy context for housing and urban struggles in London

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Since the ascendancy of neoliberal policies in the 1970s, we can see privatization, deregulation and financialization at work in the UK housing system. The financial sector and financial relationships have become ever more dominant, with local authorities and housing associations thinking of public land and social housing as financial assets rather than as providers of social needs.

During this period, the UK has shown the strongest long-term growth of average house prices among all the Organisation for Economic Co-operation and Development (OECD) countries and also has the most highly developed investment-property market in Europe. However, that average masks huge regional variations. Thus analysing publicly available housing data,[1] Edwards (2016) has shown that average house prices in London and the South-East region are 10–16 times the average annual household income, while in poorer cities of England, Scotland and Wales the ratio falls to four or five years' income.

The UK's housing problems reflect a distinctive and strong British form of private land ownership. Governments of both the main political parties have given strong support to the spreading of individual owner-occupation and done little or nothing to sustain or expand the availability of council or housing-association accommodation. The combined effect of these processes has made the UK's housing system an engine of growing inequality, concentrating wealth in the hands of landowners, landlords and established owner-occupiers (and the developers and financial institutions integral to the process), at the expense of tenants, new buyers and the homeless.

By 1981 social rented (non-market) housing, built during the twentieth century by councils and housing associations, made up a third of all households, and higher proportions in many cities. But from the early 1980s onwards social-housing production was virtually halted and the existing stock was steadily run down, mainly through the Right to Buy policy promoted so strongly by Margaret Thatcher in order to spread individual owner-occupation, and kept in force by subsequent governments of both parties, but also by privatization, stock transfer and demolition. Social rented housing now makes up 17 per cent of households[2] (Ministry of Housing, Communities and Local Government, 2019).

Access to social housing has been further undermined by the decision to abandon concepts of affordable housing that relate rents to incomes and to create a new term, 'affordable rent', defined as up to 80 per cent of local market rents. This has not only been applied to new housing. Recently, there has been the switching of tenancies in the socially owned stock from social rents to the much higher 'affordable' rents or even to market rents.

There is a substantial part of the population whom 'the market' will never be able to house as their incomes are too low or too insecure. But the escalation of house prices has also affected those with middle incomes who would previously have expected to enter owner-occupation.

These people, along with those excluded from social housing, have no choice but to rent in an expanding private rented sector (PRS), the profitability of which has attracted a lot of new investors, including Buy-to-Let landlords. Many UK residents are spending half or more of their income on housing rents, yet the private rented sector offers very poor security, short leases, unregulated rents and – in many cases – poor health-and-safety conditions.

The main response of politicians and think tanks has been to ignore the widening inequalities and the role and responsibility of financialization in producing the housing crisis. Instead they have focused overwhelmingly on the need to build more and more houses for sale in the open market while 'affordable' housing has been entirely emptied of any meaning. Political parties and their manifestos compete over targets for housing output rather than the affordability of the homes being built.

Housing development is packaged as 'regeneration' bringing benefits to local communities, but in many cases it is gentrification under a different name. With the introduction of expensive housing into an area, land values rise placing pressure on existing uses. It is not only low-cost housing that is lost, but also small business space and community facilities. Existing residents and traders are priced out of the neighbourhood and forced to move to other areas.

Successive mayors of London have heralded its status as a 'global city'. But the wealth being generated masks the production of poverty and widening inequalities. London has the lowest levels of well-being and life satisfaction and the highest level of income inequality in the UK (Wilkinson and Pickett, 2009).

Black and minority ethnic groups, LGBTQ+, Gypsies and Travellers, the young and working-class communities are left disadvantaged by London's development model. This failure to deliver economic, social and environmental benefits fairly has provoked struggles by social movements that are documented here.[3]

Notes

1 The annual *Ministry of Housing, Communities and Local Government English Housing Survey Headline Report*, and *UK House Price Index, Office for National Statistics, quarterly reports.*

2 According to the same survey, 64% of households in England are owner-occupiers, from a peak of 71% in 2003. The private rented sector is 19%, doubling in size since 2003. In London, the private rented sector is 30%, owner-occupiers 47%, social rented 23%.

3 For more information about inequalities generated by the UK housing market see: Wilcox, S. and Perry, J., *2019 UK Housing Review*. London: Chartered Institute of Housing; and Cheshire, P. and Hilber, C. 'Housing in Europe: A different continent, a continent of differences', *Journal of Housing Economics* 42, 1-3, 2018.

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