The Recurrent Crisis of London

CIS Anti-Report on the Property Developers

Contents

'The Housing problem indeed may be said to be the sum and total of all the social and economic problems which await solution, for it provokes the vexed question of the relation between rent and wages, which easily slides into that of capital and labour.' (Sir J. P. Dickson-Poynder; Chairman of the LCC's Housing of the Working Classes Committee; The Times; 26 November 1883).

'Within its boundaries London contains a remarkable variety of people, jobs, conditions and opportunities. It still has extremes of conspicuous wealth and conspicuous poverty, displayed arrogantly at the top and suffered with abject passivity at the bottom. The grossness of each is offensive in a society with pretentions to humanitarian concern and social responsibility. But the excesses of wealth and poverty in London are linked by more than their offensiveness to the social conscience for they are causally linked; each depends to some extent on the continuation of the other through the perpetuation of systems of taxation, fiscal and financial policies, and even social services, that sustain the regressive distribution of wealth and other resources in society.' (Greve; 'Homelessness in London'; Scottish Academic Press 1971).

The medallion on the cover was struck and issued in 1796 by Thomas Spence, radical bookseller and an early fighter for the abolition of private ownership of land. It shows a ruined and deserted village. The inscription reads, 'ONE ONLY MASTER GRASPS THE WHOLE DOMAIN'.
Photographed by courtesy of the British Museum.

Foreword to the Second Edition

At the beginning of 1973, it was clear that London stood on the edge of a year of enormously significant decisions which could alter the whole future of the city--decisions on Covent Garden, Southwark, Piccadilly Circus, dockland and the rest. The issue was clear. Was the future of London to remain in the hands of a tiny handful of property companies, whose power seemed to know no bounds? Or was that power for the first time to be challenged, as the people of London began to take the future of their city into their own hands?

In fact 1973 has more than lived up to expectations. The relationship between the property developers, the planners and the people has began to change in ways which could not possibly have been foreseen. Perhaps the first real sign of this dramatic change in climate was the appearance in February 1973 of the first edition of this CIS Report on London's Recurrent Crisis. Despite its modest circulation, it instantly became talked about in many quarters from whence change was to come in the following months. The section on Tolmers Square, outlining the proposed deal between Camden and Joe Levy, helped to spark off our own direct involvement in what became one of the biggest and most significant planning rows of the year—which saw the stopping of a major central London property development at such a late stage for the very first time. We hope now for a completely different ending to the Tolmers Square story, and one which serves the interest of the local community. The section on the appalling saga of Sandringham Flats West led directly to our enquiry in the Sunday Times—as a result of which, coupled with the untiring efforts of the Covent Garden Community, the Sandringham West story too may yet have an ending much happier than that which seemed likely six months ago.

London's recurrent crisis is still with us. Indeed during 1973 it has become more obvious and more starkly illumined than ever before. But a profound change in public thinking is now taking place. And undoubtedly this Anti-Report played a key part in setting it off.

Bennie Gray
Christopher Booker
24 November 1973

The increased costs of this limited edition compel us to raise the price.

Introduction

We live in a society where over 100 people have made more than £1million each out of property since 1945. We also live in a society where the number of homeless people has more than doubled over the past five years. These two facts are, of course, interconnected. The proportion of homeless people in the Inner London Boroughs is four times as great as in the Outer London Boroughs, and eleven times as great as in England and Wales (excluding Greater London). The vast majority of the property millionaires have made their fortunes through the development of office blocks in the centre of London. It would be over-simplistic to suggest that the two questions are directly physically linked, except to a comparatively minor degree. There are other buffers that intervene so that the difficulties of one group are not apparently directly caused by the actions of the other. What can be definitively stated is that the actions of one group in exploiting and accentuating the conditions of our society is represented on the obverse side by those who are sufferers from its depredations. The millionaires and the homeless are only the heights and depths of the process, the most visible areas. In between there has been a massive assault on the conditions of working class housing. Almost all centrally placed working class housing in London has either been destroyed or is under severe pressure, communities have been laid waste and families uprooted.

This is not by any means a new situation. The fortunes of the railway builders were made from the misery of the working classes. 'So many houses were torn down during the railway boom, which lasted down to 1875, that contemporaries likened the coming of the railways to the invasion of the Huns' (Chapman p18). The results of this and the 'transformation of central London into commercial and financial areas' were precisely the same as today. 'The immediate result of this wholesale demolition and eviction was not the broad dispersion throughout London of the working classes, so much hoped for by the reformers, but (due largely to the need to live near their work) increased crowding together in adjoining areas' (Chapman p19).

Now, as formerly, it is a question of power, both economic and political. The ten largest property companies control assets approaching £3,000 million, larger than the entire gold and dollar reserves of the UK. Nearly all of these companies are de facto controlled by one or two men.

We have chosen for this report one of the most spectacular, Stock Conversion and Investment Trust, a name almost completely unknown to most people. Two of its directors and their families have made almost £40million in the last fifteen years, and are seeking to multiply this by their involvement in Piccadilly Circus, Covent Garden, Southwark and other schemes. The local authorities have aided and abetted this process. For the homeless, on the other hand, the local authorities do not even fulfill their legal obligations.

We live in a society which subjugates the needs of the many to the greed of the few. We live in a society where economics determine our social priorities. As long as we allow this to continue, the number of property millionaires will grow and so will the number of homeless.

Part One
The Property Boom

It is investment in office property in particular that has created the fortunes of the majority of the property millionaires. As office space in London has become more and more expensive, to the point where now it often costs more to accommodate a clerk in central London than he gets in wages, so these fortunes have grown. The gain to the city has been a comparatively small increase in the quality and stock of offices, only attained at great cost to the economy. London has the most expensive office space in Europe, with rents often two or three times as high as those in other capitals, but this has arisen principally as a result of the desire of the property owners for ever increasing wealth. To the property entrepreneur, a 'fair' rent is one that gives him an enormous profit. To industry and commerce, that 'fair' rent is exorbitant. This is a situation that will continue: the entrepreneurs have been grossly rewarded for their 'foresight', and are still doing their utmost to ensure that their wealth and power will continue to grow.

Asset Values

The property boom is measured in terms of wealth or values, not earnings. This is real wealth in the sense that it can be used. Each office block is given a value, the asset value, which is the estimate of the price that it might possibly be sold for in the open market. The owner of a secure asset, such as an office block, can use that asset as security for a loan to the full extent of its value. 'The madness centres on the concept of asset values. In no other country in the world is an asset value defined in the way that it is in Britain for property. In the United States, a property is valued at what it cost and the Securities and Exchange Commission (SEC) does not allow companies to write their property assets up to market values. The SEC reckons that the only true value for a piece of real estate is what it cost or what it is sold for' (Economist 18.3.72).

The actual income or rent from a property is merely a means of increasing or profiting from the wealth implicit in its ownership; the final measure of the benefits of property investment or shares lies in their increased capital value. **'The dividend yield (on property shares) is treated by investors as an irrelevancy; they are hooked on the underlying asset valuations'** (Economist 18.3.72): it is here that their fortunes are created.

The stock market valuation of the equity (or 'risk' capital) of property companies indicates the extent to which these values have increased. Until 1957 there was no separate property section listed on the stock exchange, as it was not considered to be sufficiently important, but by this time many of the developers were well into their first fortune. In 1958 the market valuation of the companies listed was £103 million; by 1968 it had risen to £833 million and continued on to £2,644 million in 1972 (31st March). During this period of phenomenal growth it has been the institututions — the banks, insurance companies, pension funds, etc. — that have supplied the bulk of the finance needed; the shareholders, as in the case of Stock Conversion, generally adding comparatively little to the equity.

Office property values are estimated indirectly from market prices. Special criteria apply because each block is different and must be valued individually, whereas with a homogenous product such as a television the value, though modified by advertising, etc., is demonstrated by sales of a large number of identical units. The property's value is determined by two factors, firstly the rental income that the block is capable of producing; and secondly, the yield, which is the income that the investor expects from this type of secure investment. If he has £10,000 to invest, he may expect to earn £500 per annum, in which case his yield would be 5%. On the other hand, he may accept a lower income, say £250 per annum or 2½%, if he considers that this will give a sufficiently greater return in the future to compensate for the lower current return.

How to Value Your Office

As an example, a 10,000 square foot office block in the West End might be expected to let at £8 per square foot to produce a total income of £80,000 per annum. The yield or return acceptable to an investor for a modern office block in this area is currently about 5%, and hence it would be valued at £1.6million, i.e. £80,000 x 100/5. On the other hand, if the investor is prepared to accept a lower return, the value of the block increases, as it will mean that he is prepared to pay more for the same current income. In this case, if he were prepared to accept a yield of only 2½%, the value of the office block would be £3.2 million, i.e. £80,000 x 100/2½.

The principal exception to this technique occurs when valuing an office that is already leased for a long term at a fixed rental. In this case, although the same criteria apply, the value is reduced as the rent cannot be increased to market levels until the date of the next review. As the actual rent is often very low, especially where the original lease has not been reviewed for a long time, these valuations often result in actual yield levels that are very small, sometimes less than 1%.

The two elements upon which valuations depend are both estimated from market conditions. They differ in that whereas rent levels will not usually diverge significantly from current trends in the shorter term, since they are dependent on apparent conditions of supply and demand for office space as reflected in a market diffused amongst estate agents and property companies, the yield is far more volatile. This volatility arises from variations in, firstly, the amount of funds available for investment, and secondly, the extent to which investors prefer that these funds should go into property rather than other types of investment.

Variations in available funds occur principally due to changes in fiscal policy such as increase of the money supply (running at about 20% per annum over the past two years) and relaxation of bank special deposit controls. The investors' preference for property, on the other hand, whilst partly reflecting the speculators' desire to cash in on a rising market, is largely dependent upon the degree of present or foreseen inflation and the extent to which it is believed that rents will increase faster than the rate of that inflation. In other words, the degree to which property is seen as a form of secure, long-term investment that has the great advantage of maintaining earning power in real terms in spite of inflation.

As an example, if £10million is invested in government securities yielding 10%, the return will be £1million per annum. In ten years time the return will still be the same, but by then the pound may only be worth, say, 50p at present values, i.e., the return in real terms will have dropped to £½million per annum. In ten years time, however, assuming, as the investor may do, that rents increase at twice the rate of inflation, the income will be £2million per annum or £1million in real terms, or twice as much as that from government securities.

The property investment will thus yield a sufficiently greater return in the future to compensate for the lower current yield, but the greatest gain will be on the capital value. Assuming that interest and yield rates remain constant, whilst government securities will depreciate in real terms to £5million, the value of the office block will appreciate to £20million.

How Your Pension Fund Makes it Impossible For You to Buy a House

Office property investment has shown this type of growth since the war, but whether or not it will continue to do so is a matter of conjecture and belief, since there are many unpredictable variables (such as the long-term effect of membership of the common market) that can affect the situation. This belief dictates the extent to which funds are directed into the property market; like all beliefs it is susceptible to change.

Over the past two years a large increase in the amount of funds available for investment has coincided with a strengthening of this belief in property as an investment that is, at the least, secure from the effects of inflation. 'Property owners have been most reluctant to part with their holdings and when tempting offers are made they retort 'what are we to do with the money?'' (Gross Fine and Krieger Chalfen — Annual Report 1972). The result has been a drop in yields of about one quarter to as low as 4-4½% for first class offices (or more than 5% below the yields available on government securities), with property owners revaluing their assets accordingly. 'For the first time, a phenomenal increase (in values) has occurred not through great rent increases, but from the dramatically reduced investment yields' (Richard Lionel and Partners — Annual Report 1972).

The boom is self-generating as rising prices only tend to 'prove' that property values always rise, adding to its attraction as an investment. At the same time the property owner, noting the fast appreciation of his assets, becomes more loath to sell because of the increased difficulty of finding alternative investments that perform as well, thus further restricting the supply of offices for sale. The appreciation of asset values also gives him a 'reason' to raise rents to produce a return that is closer to the commercial norm: the starting point of the boom.

What is not allowed for in these asset valuations is the possibility of any future reduction of rents or increase in yields — the assumption is that these valuations denote real wealth. **'The growth of the property illusion — that what goes up, keeps on rising — is now part of the subconscious of financiers, insurance companies, pension funds, banks, and now, through property bonds, of the man in the street'** (Economist 18.3.72).

It is this illusion that supports the boom, for as the values are drawn from prices paid in the market, they depend on the strength of the market being maintained through increasing amounts of money competing for what little property is sold. It is here that the supportive role of the institutions is vital. There is an 'insatiable appetite for real estate in the South East by the property investing institutions who now consist mainly of pension funds, insurance companies, and property bonds. Total pension fund investment now exceeds £700million a year of which some 15 to 20 per cent is now invested in property. The insurance companies are investing over £180million per annum in property. Add to these massive figures the emergence of the property bonds, there are now some 25, attracting investment money to the tune of £100million a year. One bond alone has a property portfolio of over £130million. **These figures alone show the demand and in the face of these millions of pounds which have to be invested each year, the values and rents in London must rise'** (Investors Chronicle 24.11.72). 'The institutions will not run out of funds to invest in property . . . it is impossible to estimate what percentage of total commercial property is owned by the institutions, but it is certainly growing and signifies an important change in the social ownership of land' (Economist 8.11.69).

It is especially ironic that the pension funds should be so closely involved in the boom, for although on the one hand they may be consolidating their wealth, on the other the indirect effects on inflation, the economy and property prices cannot be in the interests of their members in the long run. Underlying this strong belief on the part of the institutions in property as a secure investment are three factors: the unique nature of land and property, the fiscal advantage of income from property, and the growth of rents since the last war.

The unique nature is based on the fact that land is finite and accommodation is a basic necessity. It is also subject to government controls and restrictions over planning and use. The result is that the supply of accommodation for one particular use, such as offices, and in one particular location, is strictly limited in the short-term and cannot easily be expanded. This applies especially in London, surrounded as it is by the Green Belt, and already densely occupied. Supply, then, is inelastic, i.e. a small increase in demand will result in a proportionally much greater increase in price, without any significant change in supply. This is ideal for the speculator as long as demand is rising, since profits will increase much faster. The fact that reduced demand would lead to similarly reduced profits is ignored on the basis that the population and office space required per employee are both still growing. The outlook for the future also seems promising to the investor as the emergence of powerful environmental and conservationist movements can only tend to result in further restrictions on office development.

The growth of office rents, so much to the benefit of *the* property speculator, has been very fast since the war, particularly over the last decade. Continual rent increases over and above the general level of inflation are symptomatic of a matching shortage of space. This is a situation that has existed almost continously in London since the war, despite the resources of this country's construction industry, and the immense amount of money that has been invested in property.

The Developer's Best Friend

Shortage of office space has been exacerbated by the trend, already evident before the war, away from manual and into non-manual employment. London, as a centre for communications, has always been seen as an ideal location for offices, and correspondingly the movement has been especially noticeable there, with office employment rising steadily although the total number in employment has declined. The GLC forecasts that total employment in London will drop from 4.4 million in 1966 to 4.1 million in 1976, but that within this total, office employment will rise from 1.5 million in 1966 to 1.6 million in 1976. This is occurring, of course, at the expense of those industries that have found themselves unable to bear the high cost of accommodation in London. The trend has been strengthened by the growth of the government machinery that is situated in London.

The Department of the Environment, the ministry responsible for procuring offices for civil servants, is known as 'the property developer's best friend', due to the strong supporting role that it has played in maintaining demand for central London offices. In 1972, the Department was paying out about £21 million per year in rents to developers for offices in London, enough to provide one large new block per year; but despite this it continues to take up yet more rented accommodation.

The total floorspace of government offices in London in 1968 was 19.4 million sq. ft. of which almost two thirds was rented. Since that date a large amount of additional space has been rented and 'the total staff employed in London has been increasing at a rate of slightly over 1,000 a year in the past few years' (Financial Times 16.11.72). A large part of the accommodation is held on long leases with rents yet to be reviewed. When this does happen, the total rent bill is certain to be greatly increased. The Department, finding that it is now in the position that it can no longer afford to subsidise the developers and property companies directly, has now decided to try and do so indirectly by 'going into partnership' with them.

The increasing requirement for office space would not have had such expensive consequences if the supply of accommodation had kept pace. After the end of the war the rebuilding and repairing of the

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'Go to the top of the Post Office tower and look around, that will show how much more there is to do.'
A property developer, Evening News, 3rd October, 1972.

city's war-torn and neglected stock of offices was delayed, firstly by the controls on building, especially where it was non-essential, and secondly by the harsh planning regulations and development charges of the post-war Labour government. The developers made up for lost time under the Conservatives, who had removed the restrictions in 1953/4, but by the time an over-supply of new offices was beginning to appear in London, Labour was back in power. The boom was liable to turn into a slump, yet despite this, the misguided Brown ban was introduced. The ban was leaked a few weeks in advance, and this, combined with the few hours notice given before implementation, ensured that all the planned large developments could slip through the net.

By reintroducing restrictions, the ban brought back the fear of shortage of office space that caused inflated rents; but because of the delay of several years between conception and completion of an office development, the full extent of the ban was not felt immediately, and is still, in 1972, apparently having considerable effect.

Planning Permission Given for Offices in the GLC Area and Approximate Rents for New Offices in the West End:

	sq. ft. (mill.)	£ per sq. ft.
1960 (LCC Area)	4.3	1.75
1965 (from 1st April)	1.5	2.25
1966	2.7	2.50
1967	2.9	2.75
1968	3.6	3.50
1969	6.1	4.50
1970	7.6	6.00
1971	9.9	7.00

Despite the increase from 1969 onwards in the amount of planning permission given for offices, rents have continued to rise. It is doubly in the interests of the developers to limit the supply of offices and demand high rents. On the one hand, this justifies the confidence that the stock market and institutions place in them, and on the other it enables them to extract greater revenue from their tenants. It is an illusion that there is an inherent shortage of space due to the growing demand and the constraints on development; it is vital to the developers that this illusion is maintained.

The supply of office space can be, and is, manipulated. **'A lot of office space is held in reserve: buildings nowhere near completion, no one in a hurry to complete them or to start to carry out planning permissions already given; planning applications granted are not being translated into buildings; buildings are not being translated into lettings . . . for 1971, only just over half of the planning permission budget was granted, and they (the GLC) refused practically nothing'** (Eversley Interview).

The GLC recognises this in its GLDP Background Paper No. B452; 'analysis data shows that 25% of office floorspace permitted in 1965 had not been completed by the end of 1970', despite the shortage of space during this period.

The supply of office space is further manipulated by the policy of keeping it 'deliberately empty by asking rents which nobody can afford . . . *in other* words, there's an oligopoly. There is a tacit agreement not to reduce rents' (Eversley Interview). The GLC estimated that in March 1972 there was a total of 9 million sq. ft. of office space vacant, yet there is no discussion of rent levels falling. 'What does happen is that firms bolster up their share price on the stock market (and also rent levels) by publicising those transactions that do take place at very high rentals, and by keeping very quiet about the others' (Eversley Interview).

The confidence of the stock market and the institutions gives the developers the necessary strength to resist any tendency for rents to stabilise or decline by keeping offices empty for considerable periods. The system is thus mutually self-supporting. Once again, the 'boom' rests upon the strong belief in the property illusion, but the illusion is not only that what goes up, keeps on rising, but also that rent levels are set by the operation of supply and demand in a free market.

What Free Market?

Under the current system of private ownership of land and property — with rigidity of supply imposed by the finite nature of land, the property owners and legal controls — the inflation of rents and property prices will continue. The controls have been introduced in recognition of the need for some form of restriction over the worst excesses of private development. What is not realised is the extent to which these controls, in the absence of any regulation of property ownership, contribute to increasing rents and prices; whilst only the developer, with the support of the institutions' resources, is able to manipulate them effectively. Consecutive governments have accepted this situation by default — the measures that have been introduced to combat it have been totally ineffective — despite the fact that it gives the property-owner wealth and power far beyond his actual productive worth.

It is this situation that also provides the basis for the investor's belief in property which, in turn, creates and supports the boom. The benefits of the boom go to the property-owner, in the form of increased wealth and income. The costs are paid by the public and industry, and through them, by the economy as a whole. These costs arise principally from increased rents, high property prices and the diversion into property of investment funds that are needed elsewhere.

High investment prices, despite low yields, will tend to produce high rents. To the purist, ignoring the structure of the property market and the basis of asset valuations, these high rents may seem valid. To the occupier they are probably extortionate. Until comparatively recently, it was customary to grant leases with reviews after longer periods than the three, five or seven year terms that are now customary. Previously the period was usually twenty-one years or longer, so that there are still many firms occupying space for which rents have yet to be reviewed. It will be these firms that are hardest hit by high rent levels, and consequently the bulk of the problem has yet to emerge.

Even the rental increase after the review at the end of a shorter period is considerable. For example, a firm occupying 120 sq. ft. of office space per employee in a modern building in the West End will now, at a five year review, face a rent increase of £360 per employee, assuming that rents have only risen from £3 to £6 per sq. ft. For an office in the City at a seven year review, the figure would be closer to £1,000 per employee. This is a minimal space requirement, so the actual figures could be much higher: the GLC estimates that in 1969 the actual office space occupied was 205 sq. ft. per employee. New office accommodation for a clerk in central London now costs more than his wages, as rates, insurance and running costs must all be paid for in addition to rent.

Who Pays?

Faced with office rents of this order, the occupier has three 'choices': pay up, close down or relocate to cheaper and invariably decentralised accommodation, despite the expense and disruption that this causes. It is those companies with little scope for increasing revenue that are worst hit, and within them those to which a central location is vital that are most likely to be forced to close down. Those companies that can do so will raise the extra rent by passing it on to the consumer in the form of higher prices.

Rent is added into business costs as an overhead. Profit is usually added as a percentage of total cost to compute the selling price, and hence the higher prices paid by the consumer reflect not only the higher rent, but also an element of profit. With rents rising at such a fast rate, the contribution to cost-push inflation must be considerable. From 1960 to 1970, rents increased from 5½% to 7% of gross national product and London office rents are now far higher than those in other countries:

Approximate rent per sq. ft. for first class office space

London (City)	£10
London (West End)	£ 8½
Paris	£ 8
Brussels	£ 2½
Amsterdam	£ 2½
Frankfurt	£ 3½
New York	£ 4

These high rents and resultant values are reflected in high land and property prices, especially the former as building costs are a comparatively small part of the total value of an office. Consequently land for any other use, from hospitals to industrial, becomes prohibitively expensive in London. Those uses, such as industrial, that can do so are forced to locate elsewhere, but the essential services such as transport and hospitals are forced to pay the high prices.

To a large extent essential services are financed from public funds, i.e. from the rates and taxes, so once again a large part of the cost is paid by the public. Ironically, they are paying for the very things that make London so attractive for commerce — the communications and transport systems, education, hospitals, etc — yet in return, under the system of private land ownership, the cost of securing space for these services is constantly inflated. Commerce does, obviously, contribute to rates and taxes, but the shortfall is evident from the problems of the inner London boroughs which are faced with a constant race to increase rates from commerce to finance the rising costs.

Sorry, Industrial Investment is too Risky

The public funds that are expended on land and property are badly needed elsewhere in the public sector. In much the same way, the excessive private funds that are channelled into property investment could be used far more productively elsewhere in the economy. This diversion of funds can perhaps best be illustrated by the effects, or non-effects, of the attempts by the current government to revitalise the economy: while land and property prices have soared, capital investment in industry has continued to decline. In the first three-quarters of 1972, while the property boom was in full swing, capital expenditure by manufacturing industry had fallen by 11% from the levels of 1971. At a recent seminar on property investment, David Barber, a director of the Midland Bank Finance Corporation, pointed out that **'since the Bank of England lifted their controls in September 1971, most of the banks' money had gone to the private and property sectors, not industry.** 'By August 1972, most banks considered investment in property to be as high as was desirable' ... for a share of the profits, possibly 30 to 35%, banks will set up in partnership with developers for certain projects. 'We supply the money, they supply the expertise.' (Estates Times 30.11.72)

This diversion of funds that has supported the developer and been one of the cornerstones of the property boom can have only harmful effects. The combined effects of lack of capital investment in industry, and inflation such as is generated by the property boom, have in the past led to economic crises. The blame has been placed on excessive wages rather than the excessive profits derived from massive non-productive investment. There seems little reason to doubt that the same will be true in the future, as the current economic situation indicates. It is ironic, to say the least, that amongst all the many words written and spoken by the 'leaders' of our society about the state of the economy, few, if any, refer to the implications of the property boom.

'Every year the revaluations of property company assets effortlessly create gargantuan surpluses. Through economic boom and recession the men of property have been turning stone into gold. Can it last? Where else can they go to gild the pavements?' (Economist 18.3.72). The investors and developers seem certain that it will last. As to where — having extorted their fortunes from the London market, they are now turning to other European capitals in an attempt to do the same there.

The property boom demonstrates the extent to which, while the growth of earned incomes is almost completely nullified by the effects of inflation, the investor can protect both his income and capital from these effects by exploiting the unique qualities of property. It is not his concern whether or not this adds to inflation; by maximising his profit he is conforming exactly to the capitalist ethos.

Advice to a Budding Developer

1. You should always remember that the largest profits arise from new office developments, well located and as large as possible, which have been built on sites that were acquired cheaply before anyone else saw the possibilities.

2. Choose the site area, with reference to 1. above, which will be typically of mixed use, comparatively old and run-down, under multi-ownership, centrally located and occupied by an inarticulate community which will not object to being kicked out. The existing use values in this sort of situation will be comparatively low.

3. Set up a company to handle the project; this is inexpensive and limits your liability. It also helps to conceal your identity.

4. Arrange mortgage facilities to finance the site purchase. Your bank will normally help with this; if not, go to one of the other institutions such as an insurance company or pension fund.

5. Buy up all of the site secretly. If any of the property owners in the area or other developers find out what is happening, prices will soar. In the event that it is not possible to acquire the entire site, do a deal with the council whereby they place compulsory purchase orders (CPO's) on those properties outstanding. But beware if a bigger developer moves in to the next door property, as he may get the council to do the same thing to you, which could lose you a lot of money.

6. Obtain planning permission for the optimal (in terms of profit to you) building that can be erected on the site. Any problem with this can also usually be solved by doing a deal with the council. These deals typically involve giving the council land for uses such as public housing or roads, in exchange for the necessary assistance with CPO's or satisfactory planning permission. They should, whilst safeguarding your large profit, leave the council under the illusion that the public is also gaining. It helps if you behave as if you believe that you are a public benefactor, and it is also wise to keep a job open in the office for any helpful, but underpaid, local authority official that you may run across.

7. Having acquired planning permission, go to the institutions and arrange bridging finance for the development. This will not be difficult, as they understand the size of the profits that are involved. They will attempt to get a share of the equity in order to get some of this profit, but this must be strongly resisted as it will also reduce your profit.

8. If necessary, the scheme can now be placed before the unsuspecting public. It is advisable, however, to always operate as discreetly as possible, to avoid the wrath of those displaced and of the conservationists. Then the real work of demolition and redevelopment can begin.

9. The success of the project will have made you very rich and enhanced your stature in the eyes of the institutions. Do not be complacent: turn to 'greener' pastures, and repeat the whole process on a larger scale.

Stock Conversion and Investment Trust

'The entrepreneurial estate agent gets his satisfaction out of putting two and two together to make eight' (Economist 18.3.72).

In financial terms the history of the Stock Conversion group is one of the most remarkable of any publicly quoted company. An investment of £100 in 1954 at the then ruling price of three pence would now be worth approximately £750,000. In 1953 the chairman, Robert Clark summed up the situation as follows: 'The balance sheet shows that at February 28th 1953, the investments held had a value of £13,155. A temporary loan of £10,000 and cash at bankers of £6,351 represents the balance of the assets of the company.' By March 31st 1972, shareholders funds were £45,559,000 and even this figure substantially understates the current situation. Taking an up-to-date valuation of the group's interest in Euston Centre alone would take that figure over £55million. During the entire period the only additions to the share capital have been the subscription of £675,000 in 1962 by various insurance companies for the shares and the issue of 590,000 shares (less than 10% of the number then outstanding) for acquisitions. The only money shareholders have been asked to subscribe is £5million for a convertible loan stock issue in 1969. The amount is not of course included in shareholders' funds, but if our shareholder had taken up his rights in 1969 his profit would have been some £60,000 greater.

These gigantic profits have been made by a tiny handful of people; the directors of the company, their close associates, and a few property share analysts. As the Investors Chronicle pointed out in 1960, 'The market in the shares has been largely professional, the general public remaining in ignorance of the company's performance', and in 1961 the Investors Chronicle complained 'It appears to be a policy of the directors who control with associates some three quarters of the Ordinary capital, to provide no details of the development programme'. Despite the fact that only a quarter of the equity was in public hands, Marriott records 'One budding stockbroker put his shirt on Stock Conversion, and retired on the proceeds, so great were they, at the age of twenty-seven.' It is particularly worthy of note that as early as mid-1961 the Investors Chronicle could refer to the Euston Centre scheme in fair detail, yet in July 1964, Judy Hillman, the first planning, as opposed to financial, journalist to obtain an idea of what was happening, reported 'The LCC planning department have drawings of the scheme but members of the public are not allowed to see them' (Evening Standard 16.7.64).

Today Clark and Levy's profits on Stock Conversion are approaching £40million. Even by the standards of post war property millionaires, these are remarkable sums. The only other beneficiaries have been the few 'insiders' and stockbrokers who have made substantial sums by trading in the shares. What the insurance companies have gained by being shareholders they have lost by advancing money at low rates of interest for long-term periods, the value of which is constantly being whittled away by inflation.

'Look on my works, ye Mighty, and despair!'
Percy Bysshe Shelley, 'Ozymandias'. 1817.
Photographed by Hong Manley.

Comparative Information 1958-1972 (in £'000s)

Consolidated Revenue Account	1958	1959	1960	1961	1962	1963	1964	1965	1966
Rents receivable	139	163	291	596	705	1,060	1,205	1,352	1,786
Net revenue from properties	56	77	172	348	432	714	798	936	1,150
Interest payable	77	107	167	334	368	557	611	803	891
Net revenue before taxation	65	48	75	85	154	296	218	309	369
Net revenue retained	2	(8)	16	24	70	167	49	41	76
Dividend (less income tax).							84	107	108
Rate of ordinary dividend							7½%	10%	10%
Consolidated Balance Sheet									
Properties	1,227	1,833	2,641	4,661	6,756	11,063	12,823	17,435	18,377
Associated companies	507	635	1,431	776	1,356	990	1,044	2,181	2,185
Total investments	2,204	2,970	5,064	6,324	9,192	13,512	15,285	20,854	22,101
Shareholders' funds	124	400	558	655	2,348	4,484	4,627	8,595	9,001
Debenture stocks and loans	1,701	2,085	4,222	4,934	6,251	9,256	11,255	12,672	13,629

Consolidated Revenue Account	1967	1968	1969	1970	1971	1972	
Rents receivable	2,089	2,536	2,834	3,449	4,021	4,135	
Net revenue from properties	1,265	1,320	1,611	2,003	2,386	2,360	
Interest payable	1,004	1,004	1,134	1,592	2,162	1,752	
Group net revenue before tax	289	386	496	757	375	1,950	
Share of associated companies' net revenue before tax	(12)	93	161	153	733	761	
Gross dividend	187	193	201	280	374	561	
Rate of dividend per cent.	10.00	10.35	10.75	15.00	20.00	30.00	
Consolidated Balance Sheet							
Properties	19,743	21,225	23,050	25,014	28,009	44,088	
Associated companies—equity interest	878	1,130	3,178	2,887	18,260*	19,033	
Total investments	22,292	24,521	29,245	34,097	52,597	65,902	*Revaluation
Loan capital	12,547	12,837	18,169	19,040	19,999	21,046	of Euston
Shareholders' funds	8,794	9,411	12,429	12,711	29,751	45,559	Centre

Particulars of Directors

	Interests at 31.3.72			
Directors	**Ordinary Shares of 25p**		**5½% Loan Stock**	
	Beneficial	**Other**	**Beneficial**	**Other**
Robert Clark 24 St. James's Place, London S.W.1.	94,906		2,604	
James Wright Campbell 13 Laurel Way, Totteridge, N.20.	3,500	1,254,000	2,900	450,000
Harold Joseph Bailye Cope 'Greenways', Coombe Park, Kingston Hill, Surrey.	1,750		1,300	
Joseph Levy, 18 Grosvenor Square, London W.1.	628,393	42,000	263,903	28,000
Terence Alfred Francis McGee, 6 Arbor Close, Court Downs Road, Beckenham, Kent.	1,920		2,100	
James Walkinshaw Wishart, Flat 22, Westchester Court, Westchester Drive, London N.W.4.	161,500	1,116,666	35,000	112,300

Note: These holdings will have been quadrupled by the subsequent three for one scrip issue in August, 1972. The total number of ordinary shares issued at 31.3.1972 was 7,473,933.

The Clark Family Holdings

In addition to his declared holdings in Stock Conversion, Robert Clark owns 25,200 shares in the Equity Trust Ltd and 4,250 shares in the Langholm Trust Ltd.

The shareholders in these two companies are as follows:

	The Equity Trust Ltd	Langholm Trust Ltd
Robert Clark	25,200	4,250
Mary Clark	25,200	4,250
Colin Clark	474,800	2,325
Robin Clark	474,800	2,325
Equity Trust	—	225,000
McDonald, Campbell & Colin Clark	—	17,000
McDonald, Campbell & Robin Clark	—	17,000
Campbell, Frank Roberts & A.V.C. Astley	—	227,850

The Clark family thus owns directly 100% of the Equity Trust Ltd and almost 48% of Langholm Trust Ltd, the balance of the latter being owned by them in conjunction with others. These two companies had a declared interest in a total of 1,669,000 ordinary shares in Stock Conversion at 31.3.72, or over 22% of the total issued share capital. These shares would be worth over £12 million at current market prices.

Photographed by Hong Manley

Mr J. Levy's Grosvenor Square residence.

Euston Centre

'Joe Levy is a tycoon with an uninhibited pleasure in the material results of great wealth. He has a model of Euston Centre which he likes to show off to visitors explaining that it cost over £2,000 and is lit by 800 individual bulbs. He flicks the switches with unconcealed pleasure, lighting up each building in turn' (Marriott p193).

The Euston Centre, Stock Conversion's (and probably any private developer's) largest single development to date, is the property developer's and investor's dream: millions of pounds worth of windswept glass, concrete and steel, full to the brim with office workers.

The centre comprises shops, showrooms, garages, a public house, the Thames Television Centre, 'high class' residential accommodation and last, but certainly not least, a large amount of office space.

The actual development company, owned equally by Stock Conversion and Wimpey, was Balgray Investments Ltd, now called Euston Centre Properties Ltd. It first traded in 1959, three years after Levy had started assembling the site, which is shown at cost in the accounts for the year ended March 1964 at £4,524,670, or approximately £348,000 per acre. How much of this figure is attributable to the actual purchase price paid to the original owners, and how much to estate agents' commissions (D.E. & J. Levy were of course the principal agents), finance, legal and other site build-up costs is not ascertainable. Despite this, the price paid for the site was far below its worth to the company for redevelopment. Even after building had been completed the total cost was only an estimated £16million.

It is the offices at Euston Centre that provide the bulk of the profit for Stock Conversion. 'The cake is upstairs at the Euston Centre, everything else is just bread and butter' (Marriott p194). The cake is plentiful, with a total of 510,000 square feet of office space. When building work began office rent in that area was around £1.75 per square foot. By the time it was completed the main tower block could be let at £5 per square foot and today the rent would probably be around £6.50 per square foot. These prices depend very much on the size of unit that is let, for if the main tower were let as separate floors a far higher rent could be asked.

The rent increases alone would have had a large impact on the value of Euston Centre, but added to them has been the effect of a considerable drop in yields:

Estimated Value of the Offices at Euston Centre

Year	Rent (£)	Yield (%)	Value (£)
1964	1.75	6	14,825,000
1970	5.00	5⅝	45,333,000
1972	6.50	4½	73,667,000

In fact the increase in value if anything has been greater than the table indicates, since the change in yields has probably been closer to 2% rather than the 1½% allowed. These values are for the office space alone. Adding in another, say, £10million for the TV centre, flats, shops and garages etc, a total current value of over £80million emerges, or more than five times the total cost.

This extraordinary capital gain — in the region of £64million — benefits only the owners of the centre. Yet their only equity interest is the £1,000 share capital; the finance for the whole development has come from fixed interest loans, principally supplied by the Midland Bank, the Scottish Amicable Life Assurance Society and £15million of debenture stock issued in 1970.

Joe Levy liked to call the main office block at Euston Centre 'Monopoly Tower' before it was let,

© Mann Brothers

'The site stretched for a quarter of a mile between the underground stations at Warren Street and Great Portland Street, along the North side of Euston Road.'

as by the time it was completed the Labour government restrictions had added considerably to the shortage of office space on the market. Ironically, the lessee turned out to be the principal monopolist of London office space, the Department of the Environment. The Post Office is now donating to Euston Centre Properties Ltd the princely sum of £1,729,200 per annum so that post office employees can have the dubious pleasure of gazing over central London from 'Euston Tower : an office block at the corner of Euston Road and Hampstead Road, on ground and 35 upper floors, with basement car parking and containing a total of about 340,000 square feet of first class air-conditioned office space' (Euston Centre Properties Ltd, Prospectus 1972). To help solve their parking problems, the Post Office provides a further £25,200 per annum for the car park.

The Department has a lease for 49 years from 25.3.70, with rent reviews every seven years. This means, of course, that if London rents keep rising as fast as property investors seem to assume they will, the total bill to the Post Offcce in 1977 will rise to about £10 per square foot or a total of £3.4 million per annum. The extra costs involved for the owners will naturally be negligible.

Euston Centre does have its problems, especially with the shops, many of which are boarded up as few people traverse the area except en route for work. Stock Conversion do not appear to be too worried about this; with all that cake, who needs bread and butter?

One Million Pounds for a Piece of Paper

The story behind these vast profits demonstrates the developers' power over both individuals and authorities.

In 1952 the LCC granted Joe Levy planning permission for a 120,000 square foot office on a one acre corner site facing Euston Road. However, the man who was about to sell the site suddenly backed down because of a tax problem, and Joe Levy had to wait four years until the man was in a position to sell again. When he approached the LCC in 1956, he discovered that they had other plans for the area — an East-West Road which required most of the site for road widening. But Levy was in a very strong position. Since he had already been granted planning permission he could demand compensation for loss of development rights (Planning Act, 1947), which he did — to the tune of one million pounds.

In the face of this massive demand the LCC worked out a 'deal' with Levy — **'If Levy was prepared to give the LCC for free that slice of the site needed for the new road, the LCC would in return grant planning permission on the rest of the site to the same density as though the entire site was being built over'** (Marriott p186).

In other words, the LCC, in order that they could build their underpass on Euston Road more cheaply, actually gave planning permission to Joe Levy over an unusually large area. The LCC was under the impression that the underpass would relieve traffic congestion. Ironically, it has had the opposite effect. Although fragmented, the area amounted to some thirteen acres. After persuading the building contractors, Wimpey and Wates, to come in with him, Levy commenced the operation of persuading all the owners on the site to sell.

'The site stretched for a quarter of a mile between the underground stations at Warren Street and Great Portland Street, along the North side of Euston Road . . . Behind the frontage to Euston Road, bounded at one end by Hampstead Road and the other by Osnaburgh Street, was a collection

Photographed by Hong Manley

Euston Centre does have its problems, especially with the shops. But with all that cake, who needs bread and butter?

of decaying late Georgian terraces and sad little shops, an area which Joe Levy extravagantly described as a **'derelict bloody den of disease'** ' (Marriott p187).

It was absolutely essential that Levy's intentions were kept secret. If any one of the number of owners of buildings in the area became aware of the enormous profits that would accrue to the single developer behind the scheme, then naturally they would demand much more for their property than normal market considerations would dictate. This is why Levy formed a 'front' organisation to do his buying for him — a consortium of three estate agents who were paid a percentage above their normal fees. . . .

'Joe Levy never put up an 'Acquired through D.E. & J. Levy' notice board on the site at all. He dictated the policy and held the reins, while the other three agents reported to him. They hoisted their notice boards as they bought' (Marriott p188). And the LCC played its part in keeping the secret too. **'Throughout, the LCC was exceedingly co-operative with Joe Levy. It was almost like having a fourth estate agent in the consortium'** (Marriott p189).

Marriott paints a non-controversial picture of the process of the property developer buying up the old properties with the acquiescence of the public authorities. Indeed, the process is accompanied occasionally with public displays of 'generosity' — like the time when Levy helped to pay for the rebuilding of St. Saviour's Hospital in Kent after it had been displaced from the Euston site. 'He was particularly proud to have been asked by the nuns to the opening of the new hospital' (Marriott p190). Marriott gives the impression that the people who were displaced had some real control over what was happening to them or, at least, if they did not, that they would be properly compensated.

Not Quite So Generous

Perhaps some of them feel that they were. But there is one case history, unexamined by Oliver Marriott — the destruction of Carisbrooke and Arundel Houses — which suggests that where old age pensioners and others from the poorer half of our society were concerned, the term 'proper compensation' would only add insult to injury.

Over forty tenants rented rooms and flatlets in the two dilapidated buildings. These tenants were poor by any standards. Ten were old age pensioners and three were old soldiers who could not work. The rest worked locally, over half on shift-work, in low-paid jobs like catering and office cleaning. For these tenants 'redevelopment' meant simply the passing of the property in which they lived into the hands of a landlord who no longer wanted them to live there. This goal could be achieved in one of two ways. Either the tenants could be offered sums of money to leave, or they could be persuaded that the already appalling conditions in which they were living were likely, now, to deteriorate even further.

A practical expression of the deterioration which occurred when Balgray Investments bought up these properties can be seen from examining just two of the many letters sent by Mrs. Rose Gavin, secretary of the Tolmers Square Tenants Association, on behalf of the tenants of Carisbrooke and Arundel Houses, to the authorities. The first one (22nd June 1964) was sent to the St. Pancras Town Clerk, Medical Officer of Health, Chairman of the Housing Committee and Balgray Investments:

'As you are aware this building is part of a development project and the landlords are endeavouring to persuade their tenants to leave so that the building may be demolished. As the building is partly derelict and to prevent undesirable use at night by undesirable elements, a lock was fixed to the front door by the tenants after permission from the landlords' representatives so that the building could be kept fastened all night. The landlords have now deliberately and without warning broken off this lock and all other locks in the building so that the entire building is open to anyone at any time.'

The second letter records the deteriorating situation in respect of lighting. This was sent directly to D.E. & J. Levy on December 11th 1963:

'You will recall that the passages and the staircase of this building are arranged to be lit at night by electric lights with push-button switches. These lights are not now being maintained, or are being displaced, with the result that the stairs and approaches to tenants' rooms are unlit and dangerous at night.'

Just over a year before this, Balgray Investments had made the mistake of allowing its enthusiasm for results to earn some very damaging publicity. On September 28th 1962, the North London Press reported the following: **'An 83 year old tenant protected under the Rent Act at Carisbrooke House, Drummond Street, alleged this week that an agent for Balgray Investments Ltd held her hand as she signed an agreement to leave for alternative accommodation. She said 'I don't want to leave. The signature was taken from me by force. I have no idea what I am supposed to have signed. He took the agreement away and didn't give me a copy. But he said they would be coming to take me away on Monday.'**

One week later the same paper reported (5.10.62): **'The (above) agreement was scrapped after a St. Pancras Borough Official visited the agents for the owners . . . and the official had interviewed most of the tenants at Carisbrooke House and Arundel House.'**

The truth is that no-one in authority was prepared to take responsibility for what would happen to the tenants. Mr. Reginald Stamp, Chairman of the LCC Planning Committee, denied 'that they were adding to the number of homeless by refusing to rehouse the tenants' (North London Press 22.2.63). 'He advised the Tolmers Square Tenants Association to approach St. Pancras Borough Council who were to be allowed to nominate tenants for some flats built by developers.'

Rehousing tenants was the 'moral but not legal responsibility' of the developers, he went on. But the developers had in fact, undertaken to rehouse the tenants 'and great headway had been made in rehousing them under generous terms.'

On 1st July 1963, Mrs. Rose Gavin received the

Photographed by Hong Manley

'As regards their new dwellings these people . . . have been given accommodation which is definitely superior to what they have been enjoying hitherto.' *Letter from J. Levy to the Chairman of the L.C.C. Town Planning Committee, 29.5.63* following letter from the St. Pancras Borough Council town clerk:

'I have to inform you that the Council's proposed agreement with Balgray Investments does not extend to the above mentioned houses. . . . The council has authority in this matter and whilst the controlled tenants are protected and are, I understand, being offered life tenancies or alternative accommodation, one can only rely on the co-operation of the developers, in regard to the de-controlled tenants.'

So these tenants on the old site were left without any public protection whatsoever and were compelled to depend upon the 'moral responsibility' of the developer. This is exactly what the situation was over a hundred years ago when George Godwin wrote **'our street makers when they are asked where the displaced occupants of the garrets and cellars are to go, shout without thought — 'go to? — Anywhere''** (G. Godwin, 'Towns, Swamps & Social Bridges', London, 1859).

Meanwhile the developer was keeping the local authorities informed of his intentions for the rehousing of the tenants. In a letter of May 29th, 1963 to the Chairman of the LCC Town Planning Committee, Joe Levy, in his role as estate agent, referring several times to 'my clients', (i.e. himself in his role as developer) describes arrangements which he claims were being made for the displaced tenants of Carisbrooke House and Arundel House on the projected Euston Centre site. It is worthwhile comparing these claims with the actual experiences of two of these tenants, Mrs. J and Miss N, who were both evicted on court orders and installed in rooms in Mornington Crescent.

'As regards their new dwellings' says the letter, 'these people have, of course, been given in effect tenancies for the rest of their lives. In addition they have been given accommodation which is definitely superior to what they have been enjoying hitherto. For instance, they have been given electric light instead of gas lighting, they have been given toilet facilities shared with not more than three or four other tenants as against as many as eight in the present buildings. They have also been given the basic necessities of life such as a bed, new floor covering and curtains, a gas fire, possibly other items of furniture and a cash gift of £50 to help them make themselves comfortable.'

Mrs. J does in fact have a life lease, for which she had to pay solicitor's fees of nearly five pounds. Miss N has no lease of any kind. As to the other claims, Mrs. J's new accommodation already had lino and curtains when she moved in, but Miss N had to pay for these, and her removal costs, out of her own pocket. Gas fires were present in both Mrs J's and Miss N's new rooms, but were old and virtually useless in both cases, and have since been removed. Neither Mrs J nor Miss N received beds, or any other form of furniture. Mrs J was never offered the £50, and Miss N was only offered that sum whilst she was still residing in Carisbrooke House, and refusing to do any sort of a deal with the landlord's agents. The money she was offered was nothing more than an inducement to move, and can in no way be construed of as the 'cash gift to help make themselves comfortable' mentioned in the letter. She refused it as 'tainted money'.

Today Miss N's single room in Mornington Crescent is tiny and dark and there is a hole in the wall where the food-safe used to be, before it fell off. Her gas water heater broke down the year she moved in and has never been repaired. The gas meter is above the door and can only be reached by climbing on a chair. She uses the W.C. on the ground floor and has to carry all refuse down to the dustbins in the garden.

In July 1969, a large area of her ceiling fell and the room was flooded. Although the agents claim to have already paid the contractors £23 to repair the hole that was left; and although the council has been approached on three separate occasions and have promised to have it fixed in three months, the hole in the ceiling is still there two and a half years later. The sash window is broken and is kept open with a pile of books. A single gas ring on the floor is the only form of heating.

Miss N was too proud to accept the £50 which was offered by the developer to leave Carisbrooke House. Similarly, she is today too proud to accept Social Security and has a part-time job as a cloakroom attendant to supplement her pension.

Apart from the offices, some luxury flats were built. But these could hardly have been offered to the tenants of Carisbrooke and Arundel Houses. For example, the rents of the flats at Jellicoe House at the Centre are over £1000 p.a., and in September 1971 rents for flats in a block called Beatty House were actually as high as £36.75 per week minimum. (This was the rent in the winter, the rent in the summer was £50. This situation lead Mrs Lena Jeger, MP for Holborn and St. Pancras, who answered an advertisement in 'The Times' for one of these flats, to table a question in the House of Commons concerning the conversion of furnished lettings to 'hotel use' (Hansard).)

Ironically one of the residents in a flat in Jellicoe House is Mr. Ernie Sames who was chief planning officer with the LCC in 1956. Mr. Sames takes credit for innovating comprehensive planning of the Euston Centre type where local authorities can carry through their plans if the developer is given a free hand. He regards the present stalemate at Piccadilly as the result of local authorities not being prepared to recognise the importance of co-operating fully with the developers.

He recalls that the area prior to redevelopment of Euston Centre was very lively. Amongst the small manufacturers, the machine tool industry in particular had built up quite a reputation for itself. Redevelopment has had rather a deadening effect locally. And one unfortunate consequence of the high-rise office building which dominates Euston Centre is that strong downward air currents make the environment rather unpleasant. Mr Sames, as a tenant, doesn't care very much for the dust and flying paper which is swept along by the side of the Centre.

He criticises some of his former colleagues in the LCC Planning Department for being slow to recognise the importance of 'thinking commercially'. It is the developer after all and not the local authorities who have the capital to make redevelopment a reality.

Today, Mr. Sames is planning consultant to D.E. & J. Levy.

Piccadilly

'It will be a clean, bright area . . . we intend to sweep away the den of iniquity that is Piccadilly Circus today' (Joe Levy, Evening Standard 28.9.72)

The first round of the post-war fight to redevelop Piccadilly was spectacularly lost by Jack Cotton, Chairman of City Centre Properties. Exuberant after signing the agreement for the development of 'the world's largest office building', the Pan-Am tower in New York, he presented his plans for the Monico site to the public on October 27th 1959. Bar a tiny technicality, the plans had been approved by the London County Council. To his amazement the populace was outraged. A public inquiry was called and headed by Colin Buchanan. The plans were rejected by the inquiry and the report made some significant comments on the way a developer must work. 'Mr. Bennett explained that there are very few architects who can, unaided, steer a design through all the hazards of plot ratio, daylighting, byelaws, fire regulations and other controls'; and Colin Buchanan added that **'I think the fact remains that the chances of brilliant architecture emerging from this to-and-fro system are not very great.'** The 'toing and froing' referred to the six years of submissions, modifications, rejections and bargaining with the LCC which brought Cotton within an inch of success.

A follow-up to the inquiry of 1959 was a study undertaken by Sir William Holford in 1960. This was to 'reconcile the function of the Circus as a traffic intersection with its functions as a place thronged with pedestrians' (Piccadilly Circus Redevelopment News, May 1972). Sir William produced a scheme allowing for a 20% increase in traffic and for Eros to be raised on a pedestrian piazza. The LCC quite liked this but the Ministries of Housing and Local Government and Transport wanted a 50% increase in traffic capacity. So the latter set up the Piccadilly Working Party in 1964. They came up with a scheme to separate pedestrians from traffic by the use of pedestrian decks at different levels to the traffic flow. It was their brainwave, too, that the Circus could be linked up to a very wide area including Centre Point and Covent Garden by extending the pedestrian deck network. The GLC, WCC and Government departments accepted these basic principles and called for a detailed brief.

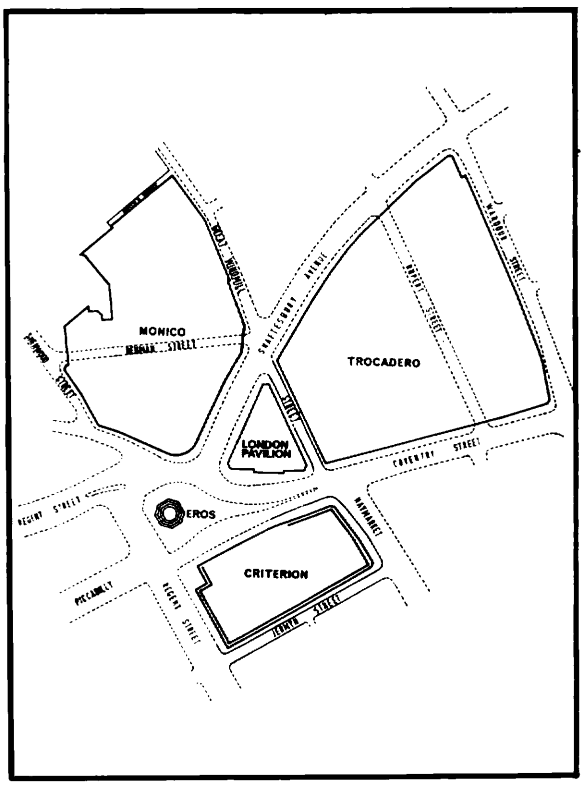
The Three Developers

By this time, 1965, the three large landholdings to play such an important part in the future wheeling and dealing were nearly complete. To the south of the Circus is the Criterion site, bounded by Jermyn Street/Lower Regent Street/Haymarket/and the Circus. The freehold is held by the Crown Estate and the leasehold by Trust Houses Forte. To the north of the Circus is the Monico site. The larger part of the freehold was held by City Centre Properties until 1967 when the company was taken over by Land Securities Investment Trust.

The west side of the Circus is the Trocadero site. 'Joe Levy's foresight and painstaking site amalgamation methods are a byword in the property world, and it is not too surprising that he has been at work on the Trocadero site for some 20 years' said the Guardian (10.8.72). What is startling about this build up is the extreme care taken to keep it secret. A careful analysis of the records of all the Stock Conversion subsidiaries listed at Companies House shows literally hundreds of properties on the mortgage lists, not one of which is in the Shaftesbury Avenue/Wardour Street/Coventry Street triangle. As most developers' policy is one of mortgaging to the hilt everything in their name it is obvious that the secrecy was a definite and long term policy in this case. All that one can determine is that Stock Conversion holds the leaseholds of all the properties; the freeholders being the GLC, the Electricity Supply Superannuation Scheme, and a subsidiary of Stock Conversion, the wholly owned London Scottish Properties.

Lord Holford was given a brief for 'The recreation of Piccadilly Circus and its setting as a place of public resort, the study to form the basis for detailed engineering and architectural design and for an assessment of the economic implications of redevelopment' (PCRN). What this in fact meant was that he had to come up with some plan attractive to the authorities in that the 50% traffic increase would be catered for and the public outcry not too great, but also attractive to the developers in their search for profit. On the one hand the planners could withold planning permission for any plan but the one they produced; on the other the developers could refuse to redevelop to the proposed specifications and could allow their property to deteriorate until it became 'tattier and more vulgar and a disgrace to the Metropolis' (Evening News 3.5.72). The council's desire to improve the Circus for visitors, traffic, pedestrians and rates is weighed against the developers' desire to hold out for a more profitable deal.

Holford put forward a plan in 1966 which was accepted by the GLC and WCC in 1967. The plan was then sent to two of the developers' architects who drew up schemes. The whole was shown to the



public in 1968 as the 'Piccadilly Circus of the Future' Exhibition. The one group of people who found the plan unacceptable, indeed uneconomic, were the three developers. They made no formal planning applications. The scheme nose-dived: there was no way in which the big three could be forced to develop.

How the Developers Bargained

From 1968 to 1971, 'Westminster City Council as the local planning authority, in conjunction with the GLC, undertook long and complex negotiations with the sites' owners.' (PCRN) These were closely akin to horse trading. **'The developers started by bargaining for around 800,000 square feet of office space (nearly triple the amount presently on the three sites). Westminster's planners rejected this as excessive. The developers' next bid was 590,000, but this, too, was rejected. Told, however, that they were getting warmer, the property men compromised at 544,000 square feet'** (Observer 7.5.72).

The key point in the dealing was a novel suggestion by the Westminster City Council 'that Land Security Investment Trust should buy Artillery Mansions near Victoria Station. This property had outline planning permission for a mixed development of 337,000 square feet including a hotel. Buy it, said the council, switch the offices to Artillery Mansions and build the hotel and residential accommodation on the Monico site.' (Observer 7.5.72). 'At the end of 1971 the book value of Artillery Mansions was only £467,370. But by February it had been sold to Land Securities for £4,000,000 — the higher price clearly reflecting the value of redevelopment as offices established by the new deal.' (Evening Standard 4.5.72) This neat little arrangement, 'one of the most splendid town-planning horse-deals seen in London for years' (Guardian 10.8.72), meant that all the developers got a large amount of highly profitable office space, the new Piccadilly scheme could incorporate a token amount of residential accommodation and Westminster would benefit from the leap in rateable values.

On May 2nd 1972, WCC launched its new plans. 'Piccadilly Circus today is down-at-heel and obsolete. The proposals now put forward offer an opportunity for action to rejuvenate the area: the alternative is stagnation and further decay' (PCRN). Their vision of 'the deck itself, and the steps and platform surrounding Eros, form a public meeting point, busy by day and night, with bright lights and advertising as essential features' was in total opposition to the forecasts of the public: '. . . windswept and rainswept platforms where junkies can carouse, throwing their bottles and syringes down on to traffic disappearing into the underpasses before retiring to their 'pads' in multi-storied office and apartment blocks, mostly unlet because of grossly inflated rents' (letter to Daily Telegraph 5.5.72) and: '. . . once again more of the country is to be sacrificed to make a land fit for property developers to live off' (letter to Guardian 8.5.72).

The press, despite careful 'softening-up' by WCC, were equally disgusted: **'Mammon replacing Eros** . . . the construction of 544,000 square feet of office space in the heart of London. This, say the planners, is to satisfy demand. But even now, one property company alone has more than that amount of office space standing empty, a commuter's throw away from Piccadilly . . . if Oldham Estates agreed to let their empty blocks, the arguments for filling Piccadilly and Victoria with offices would be considerably weakened.' (Guardian 5.5.72)

In February 1972, the GLC estimated that there was 9 million sq. ft. of unoccupied office space in London. In March 1972, they estimated that there was 11.1 million square feet under construction while planning permission had been given for a further 8.6 million square feet. Despite this the Minister for the Envrionment, Peter Walker, granted office development permits for 544,420 square feet of speculative office space. 'This goes against the principle that offices should only be allowed in this area where their use is in London's and the national interest' (Director of Town and Country Planning Association, Evening Standard, 3.5.72).

In the following days the business press dug deep into a financial analysis of the plan and exposed to the public the vast profits accruing to the developers should the plan go through. **Taking Stock Conversion as an example, the Sunday Telegraph deduced that land cost about £7 million and the cost of building the office and shopping space would be about £6.6 million and £1.5million respectively. The cost of the hotel building would be between £7.5 and £10million but would probably be sold for about cost due to the economic necessity to let the rooms for £15 or £20 per night.** Similarly, the profit on the entertainments section would be negligible. These two ventures were merely part of the tradeoff and never expected to be profitable. **For an outlay of £15.1million on the office and shopping space, Levy could expect a total value of £42.6million; £35.1million for the offices and £7.6million for the shops.** All in all, **a profit of £27.5million.** Even if we include £10million for the costs of building the hotel and entertainment area the company still comes out with well over a 100% profit on capital invested.

But this is only the tip of the iceberg of the profits accruing to Joe Levy. 'His stake is now stretching over seven acres including chunks of Wardour Street, Shaftesbury Avenue, Gerrard Street, Macclesfield Street, Gerrard Place, and almost into Leicester Square itself. His plans for redevelopment stretch far beyond those revealed today, and once the Circus scheme is going we shall no doubt hear about his plans for the vast spikes of land he owns behind the inner ring.' (Evening News 2.5.72) Even if Stock Conversion were not to make the £27.5million projected for the 1972 scheme, the company 'wins on its other West End property, for Piccadilly is bound to give credibility to the wedge of potential office area stretching from the Circus through to Covent Garden. Piccadilly rent levels — forced by costs — will also pull up rent around, **for the market is stirred by what people ask as much as what they get for properties'** (Sunday Times 7.5.72). An analysis of the properties mortgaged by Shaftward Investments Ltd, a company 66.6% owned by Stock Conversion and 33.3% by George Wimpey and Company's investment

Gerrard Street houses the core of the British Chinese community: its lawyers, clubs, restaurants, supermarkets, cinemas and dentists. It is threatened on all sides by Westminster City Council, Stock Conversion and the Post Office.

company Hamme Investments, shows a complete ownership, nearly all freeholds, of the Gerrard Street/Wardour Street/Macclesfield Street/Shaftesbury Avenue block and an increasing interest in the adjacent Macclesfield Street/Gerrard Place block.

Public Outcry Threatens Profits

In 1971 the Westminster City Council produced a planning brief for internal circulation which referred to the Newport/Cambridge Circus redevelopment. It defined 'a major line of potential redevelopment . . . extending through Covent Garden and along Gerrard Street to Piccadilly Circus'. This **'line of opportunity'**, as they described it, follows remarkably closely one of the more densely Stock Conversion controlled strips of land in London. From the London Pavilion, through the Trocadero site, on to the Shaftward Investment properties of Gerrard Street and Shaftesbury Avenue, then the Palace Theatre and, over the road, the distinct possibility that Stock Conversion will be the developer chosen to redevelop the Newport/Sandringham site, then on to Seven Dials with the large blocks of the Tower Street/Monmouth Street/Earlham Street/Shaftesbury Avenue triangles.

Westminster City Council retreated into private consultations. The situation which had led to the May 1972 proposals — that of the Conservative councillors preparing the plans with the developers' architects and representatives while the Labour minority were kept totally in the dark — was now reversed. The new sub-committee incorporated members of both political parties but no person from the developers' camp. 'The May scheme was based on a specific hard brief built up over a number of years' said the Chairman of the sub-committee, Alderman Sandford. The brief was thrown out and the question asked: 'Is development necessary at all?' Four options were agreed upon and presented to the press in December, 1972.

The option preferred by the council cut the traffic allowance to a 10% increase on present levels; abolished the concept of pedestrian decks; brought the height and bulk of projected buildings down to no more than the present buildings; and made a limit of 10% increase of future office space over present office content. 'I cannot answer for the developers. I see our role as a planning authority to produce a scheme which has got public acceptance. They are obviously not insensitive to the almost dramatic change in public opinion' said Alderman Sandford at the press conference. Nor was the council insensitive to the articulate outrage of the professional and middle classes: the new options were produced in record time despite a complete reversal of policy and a consequent start from scratch. The Conservatives can no longer afford to be seen to be on the side of the developers. A Conservative councillor, himself a developer, epitomises the split. The drop in the number of electors in his ward from 30,000 in the twenties to 7,000 now has prompted him to become 'anti-office development'.

However the developers are now beginning to squeal. In an interview with the Evening Standard (19.1.73), Mr Levy obviously felt that public participation was going a bit far. 'If Westminster City Council and the Government don't act soon you can all kiss goodbye to a new Circus', he threatened, 'The day of reckoning is at hand. I and the other two interested parties have the shareholders to think of'. (Very prominent amongst the shareholders is of course, Mr Levy.) At least it can be said that he made clear where the real power of decision lay, saying 'that if Westminster City Council and the Greater London Council and the Government wanted a new look they would have to give the developers a reasonable (sic) return on their money' (Evening Standard 19.1.73). However, Mr Levy is still prepared to be magnanimous: 'When Westminster City Council come back to their senses I will talk to them,' he said.

He also revealed what he thought should have happened, which 'was for the authorities to buy up the whole area after the war, decide what they wanted and then split it up into parcels among developers.' Perhaps he should have stuck to Covent Garden, where the GLC were promoting precisely this idea.

'If the authorities want to do anything about it then they will have to buy me out at the going rate—and that will cost them a packet.' *J Levy, Evening Standard, 19.1.73*

Current Developments

'The Directors do not feel that it is in the best interest of shareholders to disclose holdings on sites which it is not yet possible to develop' (Stock Conversion Annual Report, 1963).

Although these words were written in 1963, they would still appear to be true today. The company, in its 1972 annual report, lists eight principal properties held for redevelopment, including Piccadilly. It has other holdings that, whilst not so advanced in the process of development, will doubtless be just as significant in the future. Only directors of Stock Conversion know all the projects that it has in hand, even though they will almost certainly involve the displacement of many jobs and residents.

Amongst these projects, two in particular stand out, in both of which Stock Conversion already has substantial holdings: King's Cross and Covent Garden. At the former, it is 'known that Mr. Joseph Levy and his company, Stock Conversion, have been busy buying up property in a large area to the east of King's Cross' (Evening Standard 19.10.72), an area at a major road junction, in the hope of a windfall from the impact of the new roads planned and the decision to locate the Foulness Terminal there. As demonstrated by the deal at the Euston Centre, roads are a useful element in a proposed redevelopment. Stock Conversion also owns the Camden Hippodrome and surrounding property in Camden High Street, Crowndale Road and Bayham Street, once again at a major road junction, with a known intention to redevelop. Interestingly, both this and the King's Cross site are in proposed action areas, defined as areas requiring comprehensive treatment by development, redevelopment or improvement, signifying that the councils are likely to be cooperative.

At Covent Garden the company's principal holding is the Tower St/Monmouth St/Earlham St triangle, but it has been actively buying up other properties on the Shaftesbury Avenue boundary of the area. The GLC proposes that the triangle itself should be part of the sports recreation centre, and that the area between this and Shaftesbury Avenue should be 'redeveloped by other agencies' (Covent Garden Information) as offices and a commercial area. 'The land will be parcelled into viable units . . . for disposal to development agencies which will include private developers' (CGDP Written Statement). The obvious implication is that 'the major landowner' will be able to do a land exchange deal with the council. The development will probably be large; it is known that the council is prepared to allow higher plot ratios (up to 5:1) on the periphery of the development area than in the centre.

Another spectacular scheme is likely at White City, where Stock Conversion has an agreement with GRA Property Trust. Under a revised agreement the entire 16½ acre site is to be redeveloped and a new compact stadium built on a site nearby. Stock Conversion has paid GRA £2.4million for the option to develop, and has given GRA an entitlement of 30% to share in the proposed development. The two companies are also considering an adjoining 11 acre site owned by GRA, and it is possible that this may be chosen as a location for the Channel Tunnel terminal.

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The Estates Gazette, 18.11.72

Who Owns London?

The Traditional Landlords

'Both for the housynge and the lande
That you have taken from the pore
Ye shall in hell dwell evermore.'
('Pleasure and Pain', Robert Crowley, C16th.)

Crowley and his fellow theologians of the Reformation were attacking what, in the sixteenth century, was a 'new idolatry of irresponsible ownership . . . Property is not a mere aggregate of economic privileges, but a responsible office. Its raison d'etre is not only income, but service . . . He who exploits his property with a single eye to its economic possibilities at once perverts its very essence and destroys his own moral title' (R. H. Tawney, 'Religion and the Rise of Capitalism', Ch.III.).

It is an attack which could validly be made against the present breed of developer-speculator who controls an increasing proportion of the Greater London area, though the contemporary objects of the attack were those aristocratic landowners whose estates are now, by virtue of three or four centuries' ownership, considered 'traditional' and thereby respectable.

These estates which were largely built up by astute courtiers and businessmen under the Tudors, at a time when the monarchy was more interested in cash than in land, are still outweighed in terms of potential value by the Crown properties in present day London. The Crown's potential is, however, tied up to a great extent in long-term leases. Thus, for example, whilst owning both sides of Regent Street, the Crown Commissioners will have to wait until the end of the century for the last of the leases to fall in, whilst property booms come and go. Throughout the central area, from Regents Park, via the clubs of Pall Mall, and Carlton House in the Mall, to theatres in the West End, and beyond, to the Mansion House in the City, the Crown owns the freehold of properties whose potential exploitation is unrealisable in the short term. The Crown also has large holdings in public housing with its Millbank, Regents Park and Tower Hamlets housing estates.

The Grosvenor Estate of the Duke of Westminster, comprising 300 prime acres of Belgravia and Mayfair is similarly tied to long leases, though the senior trustee denies any impatience. 'Our ability is to look far, far ahead. Fifty years is nothing to us, and one hundred years is normal' (Marriott, p112).

The estate contains 28 embassies, including, in Grosvenor Square, the only American Embassy in the world whose freehold is not owned by the Government of the United States. The Grosvenor Estate is well attuned to modern practices, and as well as developing, via a joint company, Grosvenor-Laing, properties owned by it in other parts of the country, it published in November, 1971, plans for a £20million block of offices and flats in Belgravia to be let to British Petroleum.

The London Estate of the Dukes of Bedford has been considerably diminished this century by a combination of business misfortunes and death duties, but still represents a sizeable chunk of Bloomsbury, being bounded by Gower Street, Southampton Row, Great Russell Street, and Torrington Place.

The Portman Estates in London were reduced from 258 acres to 108 acres in the early fifties to contribute towards the £7½million of death duties of the seventh Lord Portman. These remaining 108 acres include Portman, Bryanston, Montague and Manchester Squares, and the north side of Oxford Street from Edgware Road to Great Portland Street. As did the Church Commissioners in Paddington, Eton College in Swiss Cottage, and the New River Company along the length of its waterway, the Portman Estate has benefited from working in partnership with the developer, Max Rayne of London Merchant Securities, who helped to develop properties owned by them around Baker Street.

The Portman Estate's nearest 'traditional' neighbour is the Howard de Walden Estate, which stretches north from Wigmore Street to Marylebone Road, containing the high status and high rent medical addresses of Harley Street and Wimpole Street.

The greater part of Chelsea, on either side of Sloane Street and down as far as the Embankment, belongs to the Cadogan Estate, which since the war has been more active in modern business practice than most of the other traditional landowners, having associations with the developer Gerald Glover and the contractors McAlpine, and leasing land to Glover for the Carlton Tower Hotel.

Of the 670 acres of the City of London, the City Corporation and the livery companies own some 40% of the freeholds between them. An estimated 25% is still in private hands — the Stock Exchange and the Bank of England own their own — leaving 30 to 35% owned by the insurance companies and the banks. The Prudential is one of the largest freeholders in the City, and in London as a whole it has assembled over £250million worth of property over the last fifty years.

God and Mammon

The Church Commissioners, formed in 1948 by a merger of the Queen Anne's Bouty and the Ecclesiastical Commissioners, have total assets of £421½million, showing a £4½million increase in the last year (Property and Investment Review, March 1972). These assets are employed mainly to pay the salaries of the clergy, and the merger was effected in order to establish a minimum gross salary of £500 per annum. By 1966 this had more than doubled, reflecting the enthusiasm with which the Commissioners have entered into the property business after their initial post-merger caution. Acting on professional advice, they sold large amounts of gilt-edged, reinvesting in ordinary shares. They also sold many properties on fixed long-term leases in favour of investment in properties which they could let directly at market rates.

Five hundred acres of Paddington had belonged to the Bishops of London since the Middle Ages, and in 1955 the Church sold 67 acres of the worst slums in the area, and redeveloped Eastbourne Terrace in partnership with Max Rayne, making a joint profit of £5.8million by 1966. Between 1955 and 1965, the Church Commissioners disposed of 36,000 out of

40,000 rented properties in the London area, thereby exposing the tenants to the mercies of new speculating landlords. Following this pattern of collaboration, the Church Estates Development and Improvement Company had by 1962 taken shares in a further twenty five joint companies, with developments completed costing £20.4million, including the £9million Paternoster group by St Pauls. The Church Commissioners now own £80million worth of office blocks, and £35million worth of houses in London (Evening News 3.10.72). A £25million redevelopment scheme is in progress in Victoria Street, flanking the Catholic Cathedral.

Far more adventurous than the other traditional landowners, the Church has been investing in leaseholds as well as freeholds, purchasing 80 leaseholds for £335,000 over the last year (Property and Investment Review, March 1972) in direct contrast to the conservatism of, for example, the Grosvenor Estate, which seems committed to the freehold principle to the point of obsession. It is in this aspect, of leases, that the Church most obviously bridges the gap between the old and new styles of land ownership and exploitation in London. The modern property speculator is perfectly happy with a leasehold of sufficient length to allow him to develop and resell or rent for a healthy profit, whereas the old-fashioned estates, in their insistence on the over-riding virtue of permanence of tenure, inhibit their own profitability potential. It is interesting to note that whilst not making the running amongst the freeholders in the City, Lord Samuel's Land Securities Investment Trust comes second only to the City Corporation in the number of leases it holds,controlling 104 major City blocks.

The New Landlords

Doubtless the passage of time and the accumulation of wealth will eventually add a patina of aristocratic 'respectability' to the image of the modern speculating landlord. Until such time, a simple table of assets will afford the best immediate descripton of their power and their potential.

The companies listed are the eleven with the highest property assets quoted in an Investors Chronicle Property Supplement survey of April 7th 1972. All statistics have been brought as far as possible up to date. The property assets quoted refer to each company's entire U.K. holdings, though in each case the majority of those holdings is within the Greater London area.

Company	Balance Sheet Date	Rentals Receivable £000	Property Assets £000	Market Capitalisation 12.1.73 *
				£M
Amalgamated Investment & Property Co. Ltd.	3.11.72	4,693	86,400	72.8
The British Land Co. Ltd.	21. 8.72	4,477	94,021	82.0
Capital & Counties Property Co. Ltd.	18. 9.72	7,561	139,966	113.3
Great Portland Estates Ltd.	5. 6.72	3,541	51,999	61.9
The Hammerson Property & Investment Trust Ltd.	21.11.72	9,864	134,881	91.8
The Land Securities Investment Trust Ltd.	31. 4.72	36,071	735,735	557.1
Metropolitan Estates & Property Corporation	8.12.72	23,225	355,700	266.0
St. Martins Property Corporation Ltd.	16. 8.72	5,660	135,413	158.0
Star (GB) Holdings Ltd.	17. 4.72	53,620	294,269	134.4
The Stock Conversion & Investment Trust Ltd.	13. 7.72	4,135	64,774	61.8
Town & City Properties Ltd.	1. 9.72	15,205	223,400	193.9

*The Market Capitalisation figure has been computed from Convertible Stock and Warrants as well as issued Share Equity.

The figures for Property Assets are in nearly all cases a considerable undervaluation, as most of the company reports have only quoted at cost or old valuations, whereas in 1972 alone there has been a property value appreciation of at least 25%. For example we estimate the current property assets of Hammerson Property at £200 million.

Part Two Introduction

In the first section of this anti-report, we have considered the fortunes that have accrued to the beneficiaries of the property boom, the speculators and property owners. In the second section we deal with the losers; those who have paid, either directly or indirectly, for the millionaires' fortunes. Whether they live in public housing or rent from private landlords, all have suffered. In general terms this is because they, like the millionaires, live in a system which regards the maximisation of private profit as a higher goal than the provision of housing for all its members. In specific terms they have suffered from the driving-up of 'land values' caused by the speculative activity, fuelled by the vast sums made available from insurance companies and pension funds.

In this section, we have tried to isolate the various factors involved in the increasing costs and decreasing possibilities available to the lower income groups in the housing field. All the evidence indicates that the pressures on this sector, already considerable, are likely to become much greater as higher land values prevent councils building public housing and induce landlords to turn their low rent properties to more profitable uses.

Far from providing any check on the situation, the various authorities, either local or governmental, underneath occasional gestures such as Peter Walker's much publicised attack on Harry Hyams, are aiding and abetting the situation. The planners' response, for various reasons, remains entirely inadequate. In 1971 there were over 13,000 officially considered 'homeless' in the GLC area. This considerably understates the real number which is certainly not less than 20,000. Many thousands of people live in substandard accommodation, sharing or entirely devoid of basic amenities. The situation, far from improving, is getting worse. In this section we attempt to understand why this should be happening.

Public Housing

Historical Background

The first housing legislation was brought in to counteract the effects of unrestricted laissez-faire: the slums, disease risks, and the resulting costs to the rates. By the 1868 Artisans and Labourers Dwellings Acts, owners were required to keep their housing in good repair, and local authorities were empowered to close insanitary houses. Later legislation enabled local authorities and their sanitary inspectors to control the worst forms of slum building. But the major consequence of these acts was to raise the cost of such housing as met the necessary minimum standards even further beyond the reach of large sections of the working class.

Various acts at the end of the Nineteenth Century gave particular local authorities power to build, but these were largely restricted to rehousing those affected by slum clearance, and care was taken to ensure that public housing could not compete with private enterprise.

This began to change after the first world war, when Lloyd George felt obliged to meet his pledge of 'homes fit for heroes to live in.' The powers of local authorities were extended and housing subsidies were introduced — for private as well as public housing. Local authorities were for the first time obliged to provide for the housing needs of their areas.

The relatively generous subsidy arrangements led to a building boom beyond the capacity of the building industry, and costs rose steeply as a result. The subsidy on new council building was therefore withdrawn in 1921, in the hope that a drop in local authority construction would 'in due course secure such a reduction in the cost of working-class housing as to pave the way for the resumption of unsubsidised building by private enterprise' (3rd Annual Report of the Ministry of Health, quoted in Cullingworth p17).

'Temporary Measures'

This attitude was in keeping with the philosophy behind the post-war legislation, which was seen as a purely temporary measure to last until the backlog created by the war had been removed. As 'normal' pre-war conditions were slow to return, a further 'interim' measure in 1923 provided for more subsidies, and for slum clearance powers for local authorities who could show that private enterprise could not fill the need.

This last requirement was removed by the historic Housing Act of the first Labour Government in 1924, which was the first to envisage a permanent role for public housing. Provision was made for a rates subsidy to keep council rents down to pre-1914 working-class levels.

The Conservatives, though they cut the subsidies, kept the main outlines of the Act, and by the time the National Government abolished the subsidies altogether in 1933, 500,000 council houses had been built under its provisions.

The second Labour Government passed Greenwood's Act on slum clearance. In its limited field this broke new ground by going beyond the flat-rate principle in determining the level of subsidies. But when general council housing subsidies were withdrawn in 1933, slum clearance was left as the only major kind of subsidised housing; in effect a return to the pre-1914 position.

While council housing therefore slumped in the 'thirties, building for sale grew rapidly, as costs and interest rates fell. Then, as later, it was expected that this would ultimately help those in greatest need by a process of 'filtering'. However, 'this did not happen, mainly because of the growth in demand from that section of the population which could afford to pay rents higher than those which the poorer section of the working class could manage' (Cullingworth p20).

With the return of the 1945 Labour Government, the pendulum swung back again. Exchequer subsidies came back, and councils were also given power to improve old homes. Local authorities were given power to provide housing for all, not just for the 'working classes'.

The Conservatives, returned to office in 1951, removed restrictions on public and private housing targets. As a result, between 1951 and 1954, private building rose from 21,000 to 88,000, and local council building from 150,000 to 220,000.

Thus the Conservatives fulfilled their election pledge to build 300,000 houses a year. But once again, demand had outstripped the capacity of the industry. A ceiling of 300,000 was therefore imposed, and restrictions were brought back for local authority construction. Private construction however, far from being restricted, was totally decontrolled and rose to 110,000 houses in 1955. But as the overall ceiling of 300,000 remained, council building was effectively restricted to slum clearance once again.

The effect of these measures was reinforced by a 1955 Act which replaced general subsidies by grants earmarked for specific objectives, such as slum clearance. Also the system by which local authorities borrowed their money from the Public Works Loan Board at low interest rates of up to 3%, was gradually replaced by the raising of loans on the open market, where rates were in any case rising due to the Conservatives' revival of monetary controls. As a result of all these changes in policy, by the end of 1956, local authority building was down by a third on the 1954 figure, while private building was one-third up. In 1958, for the first time since the war, local councils were building fewer houses than private developers. The initial increase in council building after 1951, therefore, was in no way a product of a change in philosophy, but was perfectly consistent with the previous Conservative philosophy that public housing was to be confined to 'exceptional' conditions. Once 'normality' had returned, the share of public housing was sharply reduced within the increased total.

The Labour Government elected in 1964 set new and higher targets for public housing, which were however not achieved in the main, due to the same government's later fiscal and other measures. But what was significant was that, unlike its predecessors, it showed no signs of a different approach to that of the Conservatives on the ultimate function of public housing. In the words of the 1965 Housing White Paper: 'Once the country has overcome its huge problems of slumdom and obsolescence, and met the need of the great cities for more housing let at moderate rents, the programme of subsidised council housing should decrease. The expansion of the public housing programme now proposed is to meet exceptional needs; it is born partly of a short-term necessity, partly of the conditions inherent in modern urban life. The expansion of building for owner-occupation on the other hand is normal; it reflects a long-term social advance which should gradually pervade every region.'

Loan Costs

The impotence of the statutory authorities to provide residential accommodation in the face of commercial development can be seen in a second way. Not only have the cost of land and building increased, but also the cost of servicing the loans contracted to finance the new housing.

Rates of interest are important because all new council housing is financed by money borrowed from the market, or at rates related closely to those charged on the market. Each year, those who lend money to local authorities or the GLC take an increasing proportion of the rents tenants pay.

Thus in the case of the GLC, interest repayments, according to GLC figures, took 75% of the total rent income in the year 1965-6. By 1969-70 and 1970-71, the figure was nearly 90%. In the London borough of Camden, the situation was even more serious; in each year from 1970 interest repayments have taken around 30% more than the total income from rents. Camden is therefore in the position of those Latin American republics, and others in the Third World, whose annual repayments on overseas loans exceed the volume of new 'aid'.

This represents a considerable change from the situation in the post-war years. Under the Local Authorities Loans Act of 1945, councils were allowed to borrow only from the Public Works Loans Board, which made money available at rates of up to 3%. This was done in order to prevent a scramble for loans on the market during the anticipated post-war building boom; though in the same period market rates were of course also much lower than today, as a result of Dalton's cheap money policy.

The board remained the sole source of local authority finance until 1952, and the board still has on its books 60 year loans made in the 1940's at 3%, which will last beyond the end of the century, and must still be of great advantage to those authorities which took them out.

In 1952, the Conservatives allowed councils to go to the market, and in 1955, R. A. Butler reversed the pre-1952 policy by requiring them to, and making loans from the board available only to those authorities which were unable to do so. At the same time, PWLB rates of interest were fixed by reference, not to the Government's credit, but to that of the councils in the market. The reliance of the Conservatives on monetary controls had already resulted in a general rise in interest rates, and the new policy led in 1956 to a rise in the board's rates from 5% to 5¾%.

Since then, interest rates have of course risen still further, but an Act of 1964, brought in by Labour and maintained by the Conservatives, while it has not meant a return to cheap money, has introduced a compromise position. Authorities are entitled to approach the board each year for a proportion of their capital payments for that year; the proportion, set annually by the Chancellor, is currently 40%, or 50% in development areas. The interest rates on these loans are fixed so as not to cause any loss to the national Loan Fund. The rates therefore reflect the rates at which the Government is able to borrow. They are revised regularly, but as fixed in January 1973, a ten-year loan repaid in equal instalments would carry a rate of 9⅛%. The authorities must raise the rest of their requirements on the market, where they might expect to pay some ½% more.

A combination of the policies of successive governments on the specific question of PWLB loans and on interest rates generally, has therefore led to a more than three-fold rise in the cost of financing new council housing, before allowing for subsidies. The benefits are received by the financial institutions and other lenders; the costs are borne by those whose rents rise, or who are not rehoused, either because they cannot afford the council rents, or because interest rates and the price of land put the cost of new housing beyond the cost yardstick, so that new housing is not built at all. This question is dealt with at greater length in the next section.

Housing Cost Yardstick

Besides rising interest costs, another restricting influence on public building is the Housing Cost Yardstick. This is the control exercised by the Ministry of Housing over spending by local authorities on building schemes. The yardstick is contained in a table which shows the upper limit of the amount to be spent per person housed.

In return for keeping within the yardstick the local authority receives a subsidy of the difference between current rates of interest and 4%. There is also a tolerance of 10% over the yardstick, but no subsidy is given on this tolerance. If the cost exceeds the yardstick plus 10%, no subsidy is given on any part of the cost. The MHLG reviews the cost of the yardstick annually 'and may revise them from time to time to take account of changes in cost levels, design practice and any other relevant circumstances' (Circular No. 36/67 para 11).

In times of rapidly rising costs it is obvious that the yardstick may not be raised sufficiently rapidly. In 1971, for example, Sir Desmond Plummer said **'the GLC's programme this year for new housing contracts had almost been brought to a standstill because of the low level of London yardstick'** (Local Government Chronicle 9.10.71).

This was modified by an interim increase, but in December, 1972, the same position had arisen again. A survey of housing projects in 24 London boroughs found that 90% were failing to keep within the yardstick. 'Of 47 schemes surveyed, 45 were above the yardstick by an average of 17.6%. The highest was 78% above the limit' (Times 1.12.72). The result of this was that council


Photographed by Hong Manley

'If our aim is to put up as many buildings as quickly as possible, to clear the backlog of the queues of homeless, we shall build flats that will be despised slums less than halfway through their lives.'
D Eversley, Property and Investment Review, November 1972

architects had to argue each scheme with the Department of the Environment to get special treatment. Even where special permission is forthcoming this obviously leads to considerable delays.

Not only does the yardstick limit the amount of local authority building, it also limits the quality. The chairman of Islington's Town Planning and Development Committee stated in June, 1972: 'We thought it is virtually impossible in inner London to build a council house to the standard we would like, keeping within the basic yardstick. This is a pretty terrible situation . . . Even to keep within yardstick plus 10% we have to trim things we shouldn't have to trim. For example, we have to use cheap emulsion paint and provide the minimum of tiling in the bathroom' (Evening Standard 27.6.72).

After the publication of the survey in December, 1972, the RIBA pointed out that the yardstick limited design possibilities. David Wilcox reported in the Evening Standard, 'Council architects who are blamed for the dull uniformity of their housing, with lack of trees and other environmental necessities, are protesting that the fault lies with the accountants in Whitehall.' The whole situation was summed up by Roger Beard in the Guardian (13.12.72), **'There are dangers that continued insistence on cost-cutting will lead to the creation of centrally-heated slums occupied by tenants without the earning power to pay the rent.'** Whether all the architectural monstrosities that have been foisted on council tenants in recent years can be put down solely to restrictive costs must be open to question. Certainly a less parsimonious approach to public housing, together with consultation with prospective tenants, might have avoided at least some of the more notorious examples of the 'Architecture of Repression'.

Effects on Tenants

Despite the strictures set out above, public housing is the only type of housing which combines a rent within the tenant's income with proper basic amenities.

	Council Tenants	Unfurnished Private Tenants	Furnished Private Tenants
	%	%	%
Having sole use of bath	93	48	32
Having sole use of kitchen sink	99	96	67
Having fitted hand	75	33	62

(Figures based on London Conurbation survey 1967)

It also offers the de facto greatest security of tenure. Although unfurnished tenants have a certain amount of legal protection, they are often subject to (illegal) harassment from landlords, who stand to profit by forcing them to quit. Furnished tenants have almost no security of tenure whatsoever.

Despite the considerable advantages of public housing to low income groups, the Conservative party, by and large, has always regarded the provision of public accommodation unfavourably — and this disfavour is expressed in the Housing Finance Act, recently passed, which appears to us a substantial attack on the whole concept of housing as a social service.

The Housing Finance Act

'The issue at stake is the future of public housing, and the desirability of housing profits becoming a permanent feature of that sector as well as of the private sphere. It is a question of whether housing is to be treated like most other consumer goods or whether we regard it as a social service, and develop it as such. (R. A. Parker, Poverty Pamphlet Nine, March 1972)

Central to the Labour Government's Rent Act of 1965 is the concept of 'fair rents', whereby either the landlord or the tenant of private accommodation can apply to the local rent officer to have the rent determined, and appeals by either party against his decision can be made to the local rent assessment committee. The 'fair rent' ultimately arrived at is a reflection of the accommodation's location, amenities, size, age and state of repair, with the inclusion of a profit margin for the landlord.

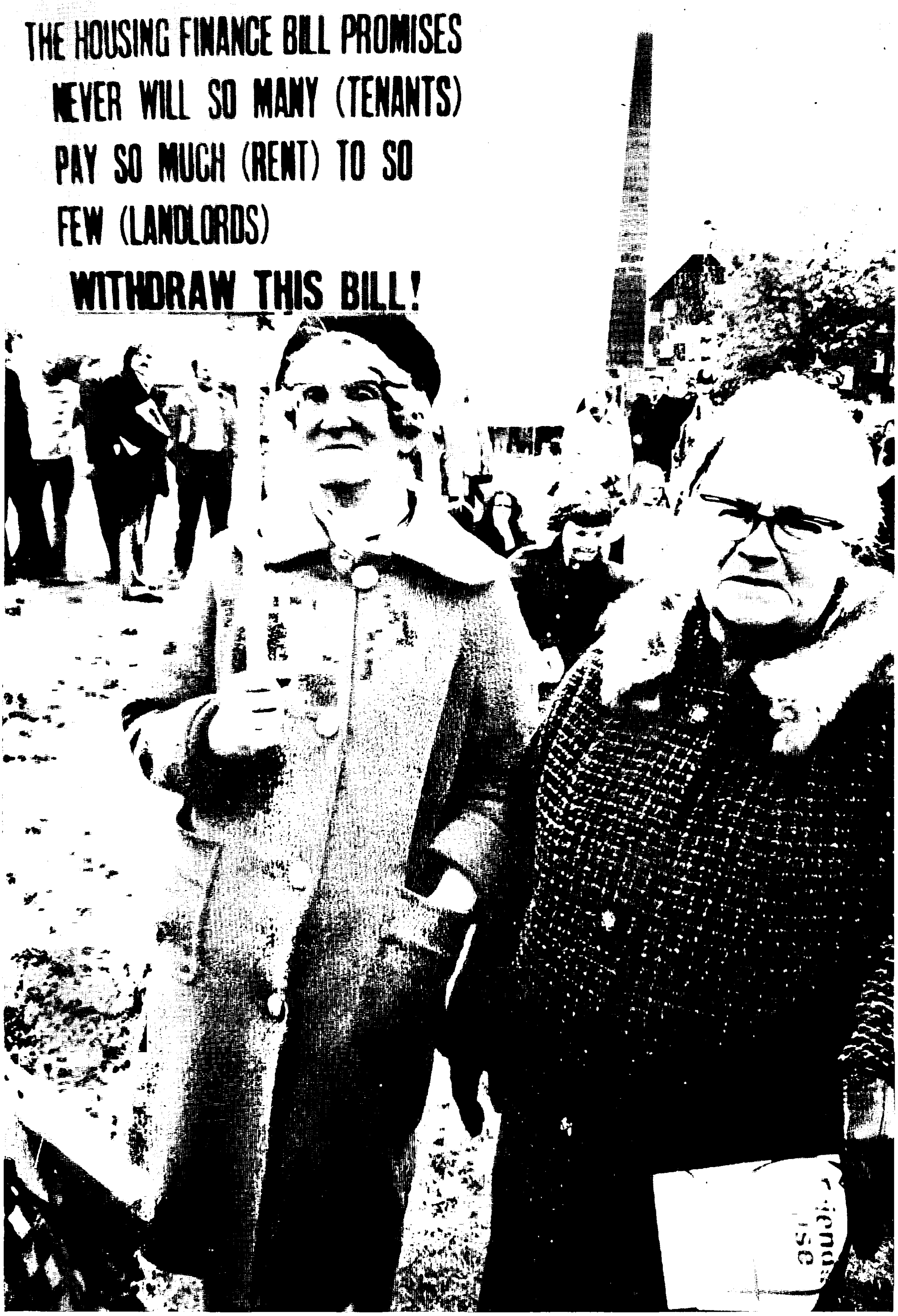
This concept, complete with the profit element, is now being extended to an assessment of council housing rents by the Conservative Government in its Housing Finance Act. Under the terms of the Act, consideration must be given to 'the return that it would be reasonable to expect on it as an investment'.

A major difference between the Housing Finance Act and the 1965 Rent Act is that there is no right of appeal by council tenant or local authority against the final figure arrived at by the Rent Scrutiny Committee which makes the decisions. The members of this committee are appointed, not elected, one third of them being solicitors, one third surveyors, and one third lay members.

Under clauses 93 and 94 of the Act, any elected member or officer of a council wilfully obstructing the production of documents, or the supplying of information to a commissioner, is liable to a fine of up to £400. The Minister has the power to withdraw from the council all government subsidies, to deprive the local authority of its housing powers, and to appoint his own commissioners to implement the rent rises. In addition, the stipulated 'fair rent' level will come under automatic review every three years.

The rent levels calculated by the Scrutiny Committees for the five and a half million council tenants are in all cases higher than the previous levels. The Government uses as its criteria the comparatively few — 176,000 — private tenancies with a 'fair rent' already registered under the 1965 Act.

In 1966, in England and Wales, 4,035 landlords applied for registration, gaining 89.7% increases.



Photographed by Mike Cohen

'In general these changes represent an attack upon public housing provision which, if successful, will relegate it to becoming a "residual" institution for the poorer section of the community.' *R A Parker, Poverty Pamphlet Nine, March 1972.*

In the same year, 6,276 tenants applied, gaining 83.4% decreases.

By 1970, however, the relative proportions of applicants had altered radically, and in the period January to June of 1970, 9,089 landlords applied, gaining 94.6% increases, whereas only 2,790 tenants applied, gaining 83.9% decreases. (Department of the Environment Rent Registration Statistics, quoted in the Francis Report of the Committee on the Rent Acts, March 1971.)

How Much Is It Going To Cost You?

The Rating and Valuation Society has estimated, on the basis of existing registered 'fair rents' in the private sector, that on average, rents in the public sector will be at least doubled, yielding an additional £470million to local housing accounts. The News of the World (5.12.71) published supposedly confidential estimates made by the Department of the Environment of what average council rents will be in 1976. These figures were also quoted by Frank Allaun MP in the House of Commons shortly after the article.

	1971 £	1976 £
London	3.50	7.45
South East	3.13	6.49
East Anglia	2.16	5.72
West Midlands	2.02	5.14
South West	2.43	5.53
East Midlands	2.02	5.14
North	2.08	4.38

County Hall's estimate of what an average GLC rent will be by 1974-1975 is between £5.50 and £5.60, compared with the late 1972 figure of £4.37 (GLC 'Fair Rents', Evening News, 1.12.72).

These estimates, then, show an increase by 1976 of over 100% on the 1971 figures, exclusive of any rises in General Rates which may take place in that period, and the figures for London demonstrate an overall compound rise of over 10% up to 1975 alone by County Hall's own estimates.

Any surplus accruing from profits on council rents, after a deduction has been made to cover the cost of any rent rebates granted under the same authority, will be paid to the Secretary of State to be used to finance rent allowances on 'fair rents' registered in the private sector. Anything left after this will be divided, 50% being retained by the Central Government, and 50% being returned to the local authority — not into the housing account, but into the authority's general rate fund, thereby in effect increasing the tax burden of unsubsidised council tenants.

The Housing Finance Act's second major provision is for a mandatory system of rent rebates and allowances. Council tenants can apply for a rent rebate which, if granted, is deducted from the rent demand. The enormous difficulty of actually obtaining these rebates is demonstrated in an article by Robert MacDonald in the Guardian (20.12.72) in which he relates how he was served notice to quit his council flat for being in arrears of rent, even though he had been submitting repeated applications for a rebate over a period of five months, with nil result, owing to a massive bureaucratic log-jam of applications back at the council offices.

Tenants of private property can apply for a rent allowance which is a cash amount, and can still exercise the rights of appeal against an increased rent granted them under the 1965 Act. However: 'the allowance **will be based on only a proportion of the fair rent if the dwelling is much larger than the tenant requires or is situated in an area of high property values where the tenant is living from choice rather than from necessity** ' ('Fair Deal for Housing', July 1971, Government White Paper, Command No. 4728). This provision was amended in the Bill and the Act to a statement of far greater length and complexity meaning exactly the same thing.

A large proportion of tenants in both sectors are eligible for some rent reduction under the Housing Finance Act. It is estimated that as many as 90% can claim in some low paid areas. This means that a large proportion of the working-class population is subjected to yet another means test. This is particularly onerous to low paid workers caught in the 'poverty trap', living in a fine balance where they receive a number of means tested benefits and pay no income tax. Any pay rise they may win from their employers has the immediate effect of making them ineligible for most of their benefits, so that in many cases they are worse off than before, with a reduced 'disposable income'.

There is also much evidence to suggest that the 'take-up' rate of those eligible for benefit will be low, as is the case with rate rebates and Family Income Supplements, where, despite much costly government propaganda, the take-up rate has remained below 50%.

The disincentives to claim are considerable. A statement of earnings, capital resources, family situation etc. must be submitted every six months, and any changes in circumstances reported immediately, under pain of prosecution under the 1968 Thefts Act. Workers in lower income brackets may lose 85% of wage increases through loss of benefits or rebates; an obvious weapon in the armoury of employers paying low wages. Adela Nevitt in 'A Fair Deal for Housing' (Political Quarterly, volume 42, No. 4, October-December 1971, p431) shows that there can be **'a marginal rate of loss equal to 95% on the £4 earned between £16 and £20.' This represents a penalty higher than the highest surtax.**

In conclusion it can be said that rents in the public sector are being raised in a way which will relieve competitive pressures on the private market, and which will create surpluses which can be tapped and controlled by the central government. The Housing Finance Act will make council housing less accessible to the working population, and will encourage local councils to decelerate further their already declining building programmes in favour of greater surpluses. The Act will also speed up the movement of the working classes away from the expensive urban centres, London in particular, and will, in the form of rent allowances to private tenants, directly subsidise the profits of private landlords.

Other Pressures

In dealing with the impact of Stock Conversion's Euston Centre development on housing we have so far only indicated the direct impact i.e. on those people who were displaced from the site.

The indirect effect of this type of development is also very considerable. **'Land values in London are already an obstacle in the path of all developments lacking high profitability or special sponsorship'** as the GLC states in its GLDP inquiry proof in 1970. In market conditions, however, it is obvious that those who can afford to pay the most will obtain a scarce commodity, not those whose need is greatest. **'The pressure of demand for competing uses of land, in a free market system, means that the strongest get it'** (Economist 18.3.72). It is very much open to question whether a 'free market system' exists. The only people who in fact command the resources to compete for central London land are the major property developers and institutions. As our various examples show (see below), councils, the only major providers of reasonable cost housing, are not in fact 'competitors'. They have to live on the comparative crumbs from the developer's table.

The whole question of land values indeed calls firstly for a definition of what land values are. 'There is no basis', wrote Nigel Broackes, a leading developer, 'to assume any direct relationship between rents and general inflation during this period; 'bricks and mortar' arguments have little bearing on the issue in terms of today's rents and values' (Investors Chronicle 20.3.71), and he then goes on to give an example in which he points out that the value of the site is 'a residual based on rent and construction costs'.

1. Tolmers Square

This may perhaps be illustrated by the proposed deal between Stock Conversion and Camden Council on the Tolmers Square Redevelopment Area. This comprises a 9½ acre site, much of which has been acquired by Stock Conversion over a ten year period from 1962. An attempt was made by Camden Council to acquire a part of this site under a compulsory purchase order in 1970, but was rejected by the Minister of Housing **'principally because of the excessive cost of the land, at that time considered to be in the region of £300,000 per acre'** (Town Clerk's report to Policy and Resources Committee 28.9.72).

The price of land has certainly risen sharply over the past few years as other, smaller, speculators obtained an idea of what was happening and property owners revised upwards their ideas of what their land was worth. By September 1972, the Town Clerk's estimate was that 'some of the more expensive land within the area . . . could now cost as much as £600,000 per acre and . . . it is believed that sales have been taking place at the rate of £800,000 to £1,000,000 per acre.' The bulk of this rise in land prices has, of course, occurred from the knowledge that Stock Conversion was interested, thus driving the price far beyond what was possible for housing.

To circumvent this situation, a deal was proposed between Stock Conversion and the Council. The company was to retain one acre of the site on which it was to build 250,000 square feet gross of office space and 120,000 square feet of industrial space; the remainder of the site was to be turned over to the Council to build housing. As part of the bargain, the Council would support an application for an office development permit — despite a plot ratio on the acre site in excess of 8:1 — and obtain

Photographed by Hong Manley

Tolmer Cinema 'Cinema closed.' Coming soon, 250,000 square feet of office space, a joint production by Stock Conversion and Camden Council.

compulsory purchase orders on any part of the site not owned either by Stock Conversion or the Council.

According to the Council the sums involved for Stock Conversion would be as follows:

	£000
Total cost of land	7000
Less land sold to Council	1700
	5300
Cost of land finance prior to completion of development	1594
Demolition and construction costs	
Offices	6100
Commercial	1640
Bridging Finance	774
Total cost to developer	15408

It should here be noted that the construction costs for the offices are £24 per square foot, considerably higher even than expected at Piccadilly, an exceptionally expensive site; that finance costs have been allowed gross although the company would receive relief from corporation tax at 40%; and that the cost of the 9½ acres is shown at £700,000 per acre although the company had been acquiring land since 1962 in the area and by 1970 the price had only reached £300,000 per acre. In terms of income the Council's calculations are as follows:

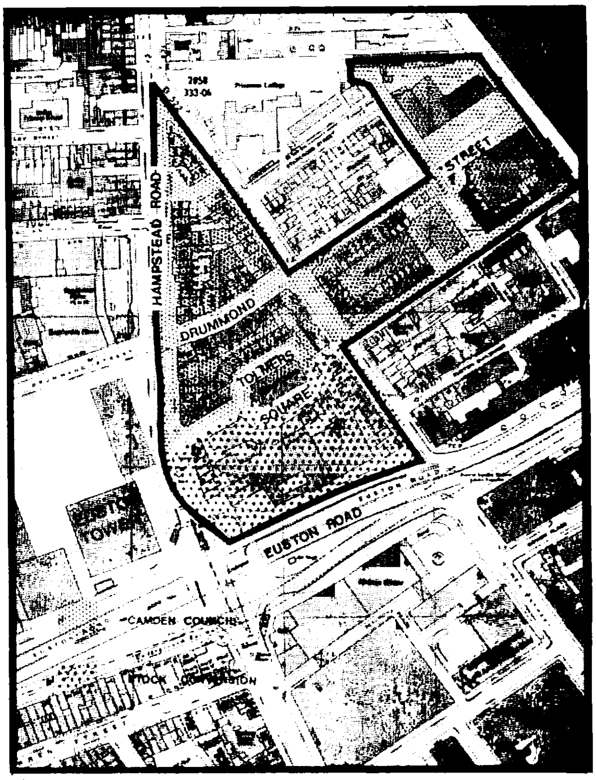
	£000
Offices 190,000 square feet £6 per sq. ft.	1140
Commercial 108,000 square feet £1.75 per sq. ft.	189
Car spaces 200 £200 per car	40
	1369

It should here be noted that rents have already risen to at least £6.50 a square foot and even allowing that they only increase at 8% per annum until completion of the scheme, will then be in excess of £8 per square foot for office space. The loss between gross and net space of 60,000 feet, almost 25%, appears very high.

Despite the fact that we believe the Council's figures to be exceptionally favourable to the developer, the value of the building when completed on a 5% yield basis would be £27½million and, if rents have then reached £8 per square foot, would be £35million, showing in the first case a profit of £12million and in the second case a profit of almost £20million for Stock Conversion. On the basis of the figures quoted, Stock Conversion could have paid £1½million per acre for the entire site, given the Council its land for housing free and still shown a capital profit of 40% on the entire operation. The figure of £1½million per acre compares with the £300,000 considered 'excessive' for housing purposes in 1970.

The total inability of public housing to 'compete' can be most clearly seen in two ways, firstly the destruction of working-class housing in Central London and secondly through its inability to obtain any share in areas where land does become available through the withdrawal of existing uses. This of course assumes that the building of public housing is considered desirable in the first place: many Conservative councils do not in fact encourage council building at all and some have even been active in destroying what little council building already exists (see section Politics and Planning).

Tolmers Square Redevelopment Area



▲ Although in practice over 8½ acres of floorspace will be built on the one acre site, the fact that the acre can be considered part of the 9.47 acre comprehensive development means that the plot ratio will be taken over the entire site and will thus be within the zoned limits. Without the co-operation of Camden Council in agreeing to compulsorily purchase the few outstanding sites in the acre, Stock Conversion would have only been able to consider the single acre as their plot for the purposes of plot ratio. They would then have been allowed only a fraction of the present planned floorspace.

2. Covent Garden

The proposed redevelopment of Covent Garden offers an example of how working-class housing is currently dealt with in central London. There were in 1971 approximately 2,500 people living in the Covent Garden Area. A survey conducted in 1966 by the Planning Team for Covent Garden showed 'an unusually well-balanced ratio between manual and non-manual occupations'. Sixty two per cent of all housing was rented from local authorities or the Peabody Trust; 43% of the sample taken had lived in Covent Garden for over 20 years and one third had relations living in Covent Garden. Casual and formal social relationships were highly developed and only 16% expressed a desire to live elsewhere. The main question posed on rent and rates was not what the tenant was actually paying, but what he would be willing to pay. Over half gave figures of under £4 and only 10% over £5.

The GLC proposed in its application to turn Covent Garden into a Comprehensive Development Area and, in so doing, to raise the number of people living in the area to 6,000 in about 2,800 new dwellings with the retention of a few older ones. Of these new dwellings it was envisaged that half would be provided by private enterprise. These would, of course, be extremely expensive, generally well beyond the range of existing Covent Garden tenants in private accommodation. To modify this the GLC anticipated that a number of dwellings would be taken up by Housing Associations, but it was pointed out at the Covent Garden Inquiry that where a similar attempt had been made in Islington, with much lower land values, in 1970, an association with GLC backing had been unable to offer a one bedroom flat at less than £12.50 a week.

As regards the local authority housing, it should be pointed out that almost all public housing in the area was in blocks specifically designed for housing, whereas under the GLC's 'mixed-use' plan, none of the new housing units would be in such blocks. The GLC certainly expected rents to rise, their housing witness stating **'There is absolutely no doubt that virtually everyone living in the CDA will have to pay a higher rent and higher rates, whether they are rehoused or stay put. It is a non-contentious statement.'**

As regards rents, the GLC felt that these would be reduced by the housing finance proposals, but it was pointed out at the inquiry that the maximum rebate allowance proposed was £8 for London, and that this allowance would be paid on 'a proportion of the fair-rent if the dwelling is much larger than the tenant requires or is situated in an area of high property values where the tenant is living from choice rather than from necessity.' As the evidence to the inquiry pointed out 'There is little doubt that the location of newly constructed dwellings in a Central London area in accordance with the GLC plan would result in 'fair rents' at an extremely high level', a contention not denied by the GLC.

As regards rates, a question raised by the Peabody Trust, the GLC admitted 'For some families a problem may exist in relation to the high rateable values to be expected for new accommodation in the Central London Area.'

By November 1970, the Development Team were able to be somewhat more precise on the subject of rent and rates. **'It is not possible,'** they reported, **'to say at this stage what the rents will be for local authority dwellings but they will be substantially higher than the existing. Whilst the Council's normal rent rebate schemes will apply, it must be pointed out that the rateable values are likely to be very high and that there is at present no reduction allowable to tenants in respect of this outgoing. Recent precedents suggest that the rates alone for modern flats in this highly rated central area will often substantially exceed the combined rent and rates currently payable by many tenants. For this reason an unpredictable proportion may find the new flats unacceptable.'**

Fine Words and Nasty Actions

The GLC's real attitude to the tenants becomes somewhat clearer from its actions over Siddons and Stirling Buildings in Tavistock Street. In 1971, prior to the result of the hearing, the 75 families in these buildings were being given what the GLC's housing witness called the 'opportunity' to move elsewhere, although there was in fact nowhere else in Covent Garden for them to go — this despite the fact that the extension to the Waldorf Hotel for which they were to make way had not even received planning permission. The text of GLC letters to tenants stated **'With so little accommodation available in the Central area it is extremely doubtful that a home can be provided for all who would like to remain there'.** The evidence of objectors comments 'It was apparently not made clear to tenants that they were not obliged to move, an omission which had the effect of suggesting they were.' One resident wrote to the GLC **'Many of us have lived here for over 40 years and many were born here. I am 84 years of age and to deprive us of our homes in the twilight of our lives is, I think wicked and cruel. We do not want to be moved'.** The two buildings are now entirely empty. Another 140 families will have to be displaced **before** redevelopment can start. A further fact that appeared from the inquiry was that the new local authority dwellings would have an average floor space of 375 sq. ft. per person against 515 sq. ft. per person in the existing ones.

The upshot of the whole plan was that it would provide smaller housing units at vastly higher rents and rates, often well out of the reach of the existing population. The physical structure would also be totally altered leading, as the objector's evidence put it, to 'the disruption of a long-established family network, the attendant breakdown of mutual aid and the inevitable social and personal disorientation this brought upon its members.'

The reasons for which the GLC acted in this manner are dealt with more fully in the section Politics and Planning, but it is here necessary at least to indicate that the planners' views were based on 'economic obsolescence' which covered any situation where the owner of a property stated he wished to redevelop it, i.e. get a higher return from the site. The GLC's views were based on the fact that the maximisation of the return on the investment was the criterion for obsolescence. The closing speech for the GLC stated that 'The mere fact that a building can be rehabilitated or that it may still have use does not prevent that building from being obsolete'. The GLC's views were in fact totally in accord with those of any property developer.

That the GLC is not alone in this attitude may be apparent from the fate of an adjacent area, the Newport Development just across the Charing Cross Road from Covent Garden.

3. Sandringham West and the Newport Development

'The Newport Development should present itself three-dimensionally as a multiple-use complex of complementary activities — a piece of 'traffic architecture''(WCC Planning Brief, 1971).

Sandringham Flats West is a large tenement block of 90 flats and 15 shops built in 1884 on the west side of Charing Cross Road below Cambridge Circus. The freehold has remained in public ownership although the flats were leased to Greencoat Properties until March, 1963. The lease then reverted to the LCC, to be inherited by the GLC when the latter was formed. In March, 1972, the GLC sold Sandringham West to the Westminster City Council for £435,000, in line with the policy of handing over public housing to the local authority within whose boundaries it lay. However the GLC retained the sister block — Sandringham Flats East — and is now rehabilitating it for at least a further ten years life.

The remainder of the block destined to become 'traffic architecture' is occupied by a fire station (freehold owned by the GLC), a bank, the Welsh Presbyterian Church, a pub, Newport Dwellings, and two bomb sites. Newport Dwellings was owned by Greencoat Properties until 1969. The company had made various proposals to the council over a number of years to redevelop the site. All had been refused. The company finally served the council with notice to buy the freehold. The WCC agreed and paid between £550,000 and £600,000 for the 134 flats, three shops and large bomb site. Eighty-three flats were occupied when they took over in September, 1969. All are now empty. The WCC has bought about 1.3 acres containing about 250 homes and shops and a large chunk of vacant land, for less than £1 million. The additional 0.4 acres of the fire station, bomb site and street is all freehold, owned by the GLC.

In June, 1972, three months after purchasing Sandringham West, the WCC produced a report called the 'Central Area Housing Study'. This concluded that **'the primary aim of (our) housing policy must be to protect the existing housing stock from such overwhelming pressure (competition for space, etc.). More than that, policies must be implemented to increase the level of housing provision, particularly for the lower income groups who are most vulnerable.'**

The acquisition of such a large and cheap parcel of central London land would appear to be a tremendous opportunity for the council to carry out its newly endorsed policy. Indeed one may have mistakenly assumed that the GLC would have made it a condition of the sale that the WCC must use the land for public housing. But no, the GLC sold Sandringham West to WCC to make up their 'parcel'. They knew it would be handed over to a private developer and that no public housing was included in the brief. They even agreed to rehouse the tenants of the block outside the Westminster boundaries. The only condition attached by the GLC to the sale was that in the eventuality of a decision to widen Charing Cross Road they would give WCC twelve months notice to resell them the fronting strip for £60,000. The Secretary of State for the Environment was asked in a Parliamentary question what proposals had been submitted to him by the GLC for the widening of Charing Cross Road; what loss of residential accommodation would be involved; and what loss of retail premises, especially bookshops. Mr. John Peyton answered that **'The proposals do not specifically indicate what loss of residential accommodation and other premises would be involved.'** Our conclusion is that neither the GLC nor the Ministry think these aspects are relevant to the decision.

'Protecting' Housing Stock

When WCC took over Sandringham West in June, 1972, all 89 flats were occupied. By October only 42 had legitimate tenants. Of the 59 adults remaining, more than half were old age pensioners while one quarter worked in service industries locally. To disperse the pensioners over Greater London is to deprive them of the network of mutual support, built up over their many years in the Sandringham West community, at a time when they are most in need of this support. It is also to deprive them of the opportunity to supplement their meagre pensions by part-time jobs in the shops and offices of the West End, and at the same time massively increasing their rents. The tearing down of low rent accommodation suitable to service workers has been dealt with: this is merely one more example.

By November, 1972, a mere 26 tenants remained. The others had been decanted to housing estates all over Greater London. Some have to pay four times their Sandringham West rents for the discomfort and high cost of commuting from Wembley or Cricklewood to their work in Charing Cross Road. In the meantime, the Sandringham flats stand almost empty. The Council has 'secured them against squatters' by systematically smashing the toilet fittings as tenants move out. All this leads to is horribly unhygienic squatting by those other victims of London's housing scarcity, the young homeless. The remaining tenants are mainly elderly, single women living alone. Their flats are remote one from another and must be entered via dark, deserted yards and stairways. Naturally they are afraid of the junkies and derelicts who are camping in the empty flats, although they tend to see the whole situation as a deliberate ploy by the Council to pitch two sectors of the underprivileged against one another: another instance of 'divide and rule'. **'The Council have a stated policy to clear the flats as quickly as possible, and furthermore to do nothing to the flats . . . Their attitude seems to be, 'the worse the conditions, the sooner the tenants will be encouraged to move out'.'** (Sandringham West Tenants Association letter)

Below the flats are a row of 15 shops fronting the Charing Cross Road. Some of these have been run as family businesses since the flats were built. Dobell's, now one of the most famous specialist jazz record shops in England, was started by the grandfather of the present owner as an antiquarian bookshop in 1884. The present Mr. Dobell lives opposite his shop in Sandringham Flats East. 'If I see my shop being pulled down while I'm living opposite,' he told us, 'I'll either have a heart attack or have to leave London.' His married daughter lived above the shop in Sandringham West until the council bought the block. They rehoused her in Pimlico at four times her old rent.

Other shops include a newsagent which stocks the widest range of international newspapers available in London; a specialist optician; and a seller of old engravings and prints. All have been there since the First World War. All will go with the demolition of the building. The council however is not failing to profit by their precarious presence: two days before the rent and wage freeze they signed a new lease with one shop which more than doubled the rent.

Westminster City Council had hoped to demolish Newport Dwellings by December, 1972, and to have cleared Sandringham West by March 1973. So many factors influencing the redevelopment of the site are undecided that should the council have cleared the site on schedule, the only possible user for some years would be the ubiquitous National Car Parks, with whom WCC have already signed a lease for the as yet uncleared lot. No decision has been taken on the widening of Charing Cross Road. Even if they do decide to widen it, the GLC is bound to give WCC twelve months notice for the resale of the fronting strip. Also the GLC is formulating a new policy for fire stations which is unlikely to be finalised for another year. This will affect the resiting of the present fire station. Furthermore, there is now a possibility that the extension of the Gerrard Street telephone exchange may have to be sited on the plot after the rejection by the council of plans to demolish a large portion of Gerrard Street to cater for it. Talks are apparently under way between the Post Office, its architect — (Sidney Kaye, better known as Joe Levy's architect) — and the council.

The overwhelming factor still undecided is what to build on the site once it is cleared. In simple terms, the WCC is destroying a housing estate of 450 people and a thriving row of shops, without having decided how to replace them. The original planning brief was scrapped after the Piccadilly outcry in May, 1972 had proved the unpopularity of pedestrian decks. Westminster councillors assume that a new brief, scheduled for the first quarter of 1973, will eliminate the proposals for 'Cab-track' and for pedestrian decks, but will probably retain the other elements: a 500 car car-park; the resited fire station; public conveniences (in their original brief the WCC seemed oblivious to the dispute surrounding the widening of Charing Cross Road: the replacement of the conveniences 'which will be lost by the Cambridge Circus road improvements' is one example of this assumption); commercial and entertainment space; middle-income housing and office space and/or an hotel. The present plot ratio favours residential use but the WCC indicated a willingness to waive this and allow a ratio of 4:1 and a height of up to 150 feet. This could be raised with the permission of the GLC to 200 feet.

The contrast between the fates of the two blocks — Sandringham Flats East and West — is noteworthy. Originally the GLC thought of redeveloping Sandringham East, but were forced by tenants' resistance to rehabilitate the block. Yet they sold the West block to the WCC and promised to rehouse all the tenants for Westminster, thus increasing the housing pressures by about 200 persons.

Westminster City Council is moving out tenants very rapidly. As the only possible replacement for them for some years is the National Car Park, the reason for their rapid removal is perhaps that the council is aware that as long as tenants remain to protest, their plans to sell off public housing and public land in central London to private developers may be thwarted.

4. Southwark

'Area — 38½ acres. Value — £300million plus. Employment potential — more than 20,000 people.

'This is the magnitude of the plan to redevelop Hays Wharf — a plan for the largest and most exciting commercial project to be undertaken in London since the Great Fire of 1666.

'The heart of the capital is to be transformed. The swathe of ugly industrial buildings which has blighted the central skyline for so long are to be swept away. In their place will be created an entirely new business and social community.'

So begins the blurb for the scheme proposed by the Proprietors of Hays Wharf Ltd. for their section of the massive redevelopment proposed on the South Bank. 'With just a few exceptions, the entire site will be laid bare. Indeed some demolition work has already taken place. The preliminary overall plan prepared by William Holford and Partners shows in appropriate proportion the integrated community which will be built on the land — 2million sq. ft. of net lettable office space, hundreds of flats and maisonettes, two major hotels . . . In short, the London of tomorrow.'

Meanwhile in the London of today, the borough of Southwark where this development is taking place has a housing waiting list of almost 8,000 families. Between 1967 and 1972 over 8,600 people were made redundant in the area from 90 firms. On the redevelopment area a further 62 firms with 2,000 jobs will be closed. In the place of the traditional blue collar jobs which have existed — engineering, light industry etc. — there will be created some 30,000 office jobs. In the entire Thameside development it is expected that 7,000 new homes will be created. Of these only 2,000 will be for families, the rest will be for students, tourists and businessmen. Taking the Hays Wharf figures quoted at the head of the article, it is apparent that the total developed value of this site alone is some £7½million per acre. At a density of 170 people per acre this would indicate a total value per head of housing at £40,000 i.e. in excess of £120,000 for a family of three. Allowing for the fact that housing costs per acre are going to be substantially lower than offices (though obviously above those of open space), the total value per head is unlikely to be less than £10,000. Little wonder that a spokesman for Laing, one of the other developers, said of the flats on their site, 'For a professional man who wanted to live in the area, they would be very convenient.' For the families on the waiting list, the North Southwark Community Development Group's comment that 'these houses and flats will not be the kind that working people in Southwark or on the Council waiting list can afford' appears to be something of an understatement.

On the one hand the developers are expected to make immense fortunes: in the case of the Hays Wharf alone, a figure of £160million has been mentioned (Guardian 14.8.72). No wonder the chairman, Sir David Burnett, whose stake in the company is worth over £500,000, and his fellow directors have been building up their stake in the company whilst revealing, during the same period as little as possible of their plans.

On the other hand the peolē who live around might be forgiven for feeling that not only the buildings are to be swept away to make room for 'an entirely new business and social community'. Certainly many of the costs are to be borne by them. The economic factors alone will be enough to cause severe hardship. Loss of jobs and rises in the cost of living brought about by the influx of tourists and office workers to the area will be enough to drive many away without even considering the direct effects on housing. Forty five per cent of accommodation in the borough is privately rented and this is the area most sensitive to 'gentrification'. With 30,000 white collar jobs being created by this development, the pressure from the middle class wishing to live near their work is likely to place great strain on working class housing. In view of the middle class's greater ability to 'compete' economically, it is obvious that many working class families will be driven out. The ripples are likely to spread not only throughout Southwark, but through neighbouring boroughs.

The alternative suggested by the North Southwark Community Development Group, an alliance of tenants associations and other bodies in the area, is to centre the redevelopment around local authority housing, repopulating the area with people from the Council waiting list and others in need. Around this there would be low cost shops and community facilities as well as a smattering of low rise offices. The scheme is still in embryo and is likely to get short shrift from the Council. The chairman of the Planning Committee's attitude is extremely prodeveloper, **'These people have made London the commercial capital of the world. You may not agree with the distribution of that wealth, but where would we be without them?'** (Time Out 15.9.72). The people of North Southwark might be forgiven for answering — a lot better off.

Photographed by Peter Baistow

Both Westminster City Council and the GLC 'secure' their empty council housing 'against squatters' in this manner. The above toilet in Sandringham Flats West was destroyed in September 1972, yet the final decision to demolish the building was not taken until January 29th, 1973. The same evening, the GLC decided to sell their neighbouring dwellings, Trentishoe Mansions, to the developers, Town and City Properties who plan to build offices there. The price was a mere £625,000. Camden Council, as the local authority, offered £500,000 in the hope that the land could be kept for public housing, and a massive redevelopment avoided. But the GLC refused the offer and rushed through their decision prior to the 1973 GLC elections. ▶

Private Housing

It is no coincidence that in the inner London areas some of the worst and most congested housing occurs, together with the greatest speculation in land and property. One is the direct cause of the other. It is here that the possibility of profits is the greatest, and yet where the possibility of homelessness is the most likely.

This state of affairs is not new. The historian, S. Chapman, describing central London in the 1880's, writes: 'The second factor complicating the housing problem in central London was the continual dislocation caused by street, commercial, and railway buildings. The social costs, measured in terms of higher rents and lower standards, of the transformation of central London into commercial and financial areas, were enormous, and go far to explain why overcrowded conditions prevailed right through this period. The activities of the railway companies in pushing their lines through, and building their terminii in central London attracted the greatest attention and probably created the greatest amount of displacement and hardship. Railway construction wrought such havoc that one must conclude that in human costs the railways were responsible for as much harm as good...... Although the companies were required to rehouse those displaced, they were easily able to evade their obligations, and thousands were evicted in central London without any provision being made for their rehousing. In the 1870's, for example, the whole of Somers Town, a densely populated working class district, was torn down to make way for the railway construction north of St. Pancras. Despite the protests of such groups as the Somers Town Defence League, the working classes were helpless in the face of the onslaught.' (Working Class Housing, S. Chapman)

The difference was that some of the congestion was then relieved by a large proportion of working people being moved into the suburbs, which in those days meant areas such as Fulham. Ironically it is precisely these 'suburbs' which are the areas today undergoing 'gentrification'. Now, surrounded by the middle classes and beyond them the Green Belt, the lower income groups have nowhere to be pushed out to. The result is more and more overcrowding into shrinking enclaves and, finally, homelessness.

The Current State of Housing

It is no accident that most of the houses that so urgently need attention are overwhelmingly in the hands of private landlords. It is in the privately rented sector that most of the households that are sharing their accommodation with other people exist. One quarter of London's families, about 1.4million people, are doubling up. Besides this, half of them have to share bathrooms (50%), cooking or washing facilities (12%), or do without baths altogether (33%) (Hillman p50). Additionally, close on 10% of them were living in acutely overcrowded conditions — with two rooms, sometimes less, for every three people.

Many of the houses, 15% of London's stock, are structurally unfit or 'slums' — 340,000 are below the minimum acceptable standards. Another 200,000 are badly in need of repair. All told, one quarter of the total housing stock is in an inadequate condition (Hillman p51). 'They add the misery of dilapidation to living conditions already miserable for lack of privacy, comfort and space for many London families' (Hillman p51).

It is incorrect to accept the suggestion made by the government in 'Fair Deal for Housing', that the private sector is dominated by a huge number of small landlords. Most of the landlords (60%), it is true, only owned one house, but these single lets comprise only 14% of all lettings. At the other end of the scale, nearly 40% of all lettings were by landlords with more than fifty dwellings; a further 18% of lettings were by landlords owning between 10 and 50 dwellings (Labour Research, 1971).

The areas with the biggest housing problems tend to be concentrated in the inner districts of London. Here the most common form of tenure was renting from private landlords (54% of all tenures). In Kensington and Chelsea nearly 75% were housed by private landlords, and in Westminster 66% (1966 Census). Yet in every inner borough the proportion of private lettings is declining, but without an equivalent fall in the number of people who have to find their accommodation there; this is indicated by the number sharing, which increased between 1961 and 1966.

It is in the furnished sector that some of the worst housing conditions exist, but overall this form of letting shows no sign of decreasing. Here overcrowding, dilapidation and lack of basic facilities are linked with insecurity and the fear of eviction — there is minimal legal protection for the furnished tenant. The high 'mobility' rates of furnished households reflects this insecurity. Many households quite clearly were forced into furnished lettings against their will, preferring the relative security of unfurnished accommodation (Francis Report). If the people in the problem areas apply for council accommodation, they must wait with 190,000 others in London; consequently many don't bother.

The fall-off then, in private accommodation, due to slum clearance and landlords selling off their property, represents a worsening of housing conditions for thousands of households. Things were little different in the early years of this century. S. D. Chapman describes the effect of slum clearance schemes carried out by the LCC between 1902 and 1913. 'The immediate result of this wholesale demolition and eviction was not the broad dispersion throughout London of the working classes, so much hoped for by the reformers, but (due largely to the need to live near their work) increased crowding together in adjoining areas.'

The Homeless

In the final analysis, the plight of a substantial proportion of London's population is epitomised by the growing number of 'homeless' families.

'Nobody knows, or ever has known, how many homeless people there are, and there is no agreement about what in fact homelessness is' (Greve, 1971). Statistics refer to the 'statutory' homeless; 'those who have come to welfare departments for shelter in temporary accommodation' (D. Ennals, 1969). But as Greve pointed out 'there can never be more homeless people in temporary accommodation than there is space for them' (Greve, 1971, p57). Figures on 'homelessness' simply show the number of places in welfare accommodation, not how many homeless people there are. Figures for homelessness grossly underestimate the real situation. Excluded from the homeless, by the official definitions are:

1. Families 'on the streets' — sleeping in an abandoned car or in the open. (This again shows the absurdity of the official definition; having lost the four walls and a roof, the family have to regain them — 'in temporary accommodation' — before they are homeless.)
2. Families living in squalor.
3. Families hopelessly overcrowded.
4. Families split up (including those with children in care.)
5. Families taken in under stress by in-laws or friends.
6. Families in physical danger because of the unfitness of their property.
7. Families lacking many or all of the essential facilities, toilets, hot water, etc.

All of the above families are not homeless in the eyes of the authorities.

It must also be noted that 'it is only in exceptional circumstances that single people, childless couples or people with older children are given temporary accommodation.' (Greve, 1973, p59). Therefore they are not included in figures for homelessness. There are no recent reliable figures, 'but a National Assistance Board survey in 1966 showed that the number of single homeless persons was almost double the number of people then living in homeless family accommodation' (Greve, 1971, p59).

Bearing this in mind, at the end of 1969 there were 11,296 people homeless in Greater London. In 1971 the number of 'officially' homeless was more than 13,000 (Shelter Paper 4, 1972).

High Rents and Low Wages

It is unrealistic to measure the problem of suitable accommodation in London only in terms of the availability of suitable dwellings. Alongside the deterioration of the housing situation in the inner areas is the pitifully low wage levels of many of the people who live there. Homelessness and the desperation of those living in inadequate housing 'may be expected to persist as long as a rising proportion of the supply of housing is distributed according to the ability to pay high rents' (Greve, 1964). Increasingly, income levels and rent paying capacity of a large proportion of the London population bears no relation to the rents demanded for accommodation.

With increasing job dependence on tourism, catering and similar trades, arising out of commercial expansion, and no reduction in the number of public transport and utility jobs we may expect the proportion of those with inadequate incomes to rise. (Eversley, New Society, 5.10.72).

'The low paid worker is trapped, forced by his work and low income to live near the centre of the city, yet denied access to decent living conditions. In the struggle for scarce land the rich win and the poor are driven out' (Holmes).

Chaucer House, a hostel for homeless families in South London

Photographed by Nick Hedges for Shelter

The Central Area — Westminster
The inner London borough of Westminster is a critical example of the trends and contradictions discussed above. A high proportion of households are tenants of private landlords (63%). As elsewhere, there is overcrowding, dilapidation and shortage of facilities, but this is highest in the furnished sector (Central Area Study). It is also one of the most profitable areas for hotel and office development. It already caters for half the hotel accommodation in London. Hotels, like offices, continue to grow. The GLC now requires another 115,000 bed-spaces by 1975 for the expanding tourist market (Visiting Westminster, 1971).

But this demand, together with the demand for office space, has meant increasingly the loss of homes. Between 1961 and 1966 the number of dwellings in Westminster — the Central Area — fell by 7%. This fall in accommodation is reflected in the loss of population between the same years, of 1.3% each year, a trend which is continuing.

Apart from the press on accommodation as more offices and hotels are built, there is the progressive increase in the rent of accommodation. This had led to a change in the social composition of the population, with an increase in the proportion of people in the professional occupations, together with a loss in all other categories. The number of office workers between 1967 and 1969 increased by 3.7% (Central Area Study).

'Hoteliers appeared more concerned about the situation in the central area than any other group of employers . . . there was a developing state of near panic — 'the lower grade service workers are moving away from residence in inner London' ' (Central Area Study p101). The contradictions in this trend led to Westminster City Council instigating the preparation of a report to assess the 'need for the provision of subsidised accommodation in the borough.' Need was interpreted in terms of the need for certain groups of employees to live as close as possible to their place of work, and the need for employers to have access to a pool of labour. The fact that nowhere was the 'need' of the tenant considered, is further evidence of the status attributed to the low-paid residents of the area.

This study showed that the lower income groups had lived in Westminster the longest, and whereas the richer people planned moves away from Westminster, 88% of the residents, largely in the low income groups, had no plans to move. Their major complaint was not with the spatial location but with the quality of their accommodation.

It seems clear that the resident population of London is declining, in spite of, not because of, their preferences. Indicative of what is perhaps really happening is that some 6% of all households reported that **they were being forced to move against their will** (Williams & Anderson, Appendix to Central Area Study).

That so many people do want to remain in central London — despite the acknowledged disadvantages of noise, dirt, poor housing, poor environment, etc. — reflects strong economic and social ties. General convenience, accessibility, nearness to place of work are the good aspects of central London most frequently mentioned. Analysis of rankings assigned to a set of statements reveals that ease of access to workplace is of tremendous importance to the working population at large, but especially to young recent immigrants. 'Being at the centre of things' was likewise most frequently ranked high by this group. Statements about family and friendship ties were most frequently endorsed by long term residents and those in low status jobs.

The two planners who carried out the research for Westminster City Council concluded: **'Emerging from these surveys are a number of recurrent contrasts and contradictions. There is the contradiction between the evident desire of the majority of residents to remain in the Central Area, and the persistent loss of population; between the continued expansion of employment in the service sector, and the decline in the lower status economically active resident population. These contradictions can be understood as the inevitable consequences of barely constrained market forces, which have favoured the expansion of commercial land uses at the expense of housing, and of owner-occupiers at the expense of private tenants. The result has been to progressively depopulate the Central Area, and to exacerbate the spatial imbalance between homes and workplaces — now one of the most pressing social and economic problems facing London'** (Williams & Anderson).

There is no reason to believe that central Westminster is not typical of the other areas of central London. There, commercial expansion, rising rents and competition for accommodation by the more well-off — the 'free market' — contributes to the deteriorating housing situation of the lower-income people; people often tied to the area by job and family. Elsewhere the forces at work may be different. In London generally, but particularly in inner London, 'gentrification' is occurring. The impact on the resident population is the same. In the 'Appendix' to their study on the Central Area of Westminster, Williams and Anderson wrote: 'Differential access to housing . . . are inherent in a system that combines unequal distribution of wealth and income with the 'law' that consumption is determined by ability to pay. On the production side, the erosion of the dwelling stock and its replacement by offices and hotels is the logical consequence of a system that puts profit before people' (p6).

'Gentrification'

'The name of the game is improvement' (Julian Amery, Minister of Housing, September 1972).

'One by one, many of the working class quarters of London have been invaded by the middle classes — upper and lower. Shabby, modest mews and cottages — two rooms up and two down — have been taken over when their leases have expired, and have become elegant, expensive residencies. Larger Victorian houses, downgraded in an earlier or recent period — which were used as lodging houses or were otherwise in multiple occupation — have been upgraded once again. Nowadays, many of these houses are being subdivided into costly flats or 'Houselets' (in terms of the new real estate snob jargon). The current social status and value of such dwellings are frequently in inverse relation to their size, and in any case enormously inflated by comparison with previous levels in their neighbourhoods. 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 the district is changed. There is very little left of the poorer enclaves of Hampstead and Chelsea: in those boroughs, the upper-middle class take-over was consolidated some time ago. The invasion has since spread to Islington, Paddington, North Kensington — even to the 'shady' parts of Notting Hill — to Battersea, and to several other districts, north and south of the river.' (Glass pxviii)

The main agents at work in the 'grey' areas of London are the property speculators. Taking advantage of these low cost areas, government provided financial inducement and the socio-economic polarisation of London's population, they are transforming whole areas of London. The pattern is the same everywhere; working class neighbourhoods are destroyed, people lose their homes, the stock of low rent housing is reduced. 'Improvements' simply reduce the supply of inexpensive units in London without reducing demands.

Property developers and speculators have been attracted by the high return on investment to be won in rundown areas. Initially, the availability of mortgages, and the willingness to sell of the private landlord letting in 'twilight' areas, encouraged the property companies to buy up the old multi-occupied terraced houses in Camden, Hampstead, Barnsbury and Brixton, empty them, convert them into spacious homes and sell them off to the well-to-do. This process is generally accompanied by an influx of middle income families, unable to afford the higher prices in already established middle class areas. 'A rule of thumb could perhaps hold that each re-occupation of a dwelling in Barnsbury or Canonbury by a middle-income family creates the dislodgment of two lower-income families' (M. Ash, London Under Stress).

Milner Holland

As early as 1964, the Milner Holland Committee reported that housing created by rehabilitation or conversion was occupied by people of a different class of income:

'What has been done produced housing of good quality and amenity by present day standards. Desirable though that is, it has left the rehousing of the original tenants as a problem to be solved by others — probably we suspect in older unimproved rented housing, the section in shortest general supply and where the worst conditions appear to obtain. . . .

. . . **Nevertheless we are in no doubt that the plight of those who have been excluded from areas such as these by the process of redevelopment and improvement is a very real problem.** It is unlikely to be solved before a solution is found to the wider general problem of providing and financing housing for those unable to afford the 'economic rent' of the dwelling they require.' (Milner Holland Report p199)

Improvement Grants

'Sanitary improvement is a very car of juggernaut, pretty to look at, but which crushes them (the working classes). Not a house is rebuilt, not an area cleared, but their possibilities of existence are diminished, their livings made dearer and harder'. (Comment by MOH of St. Marylebone 1883)

One of the most misguided efforts to solve this 'very real problem' was the introduction of improvement grants. This year (1973) £60million will be available to be handed out by the local authorities in an effort to improve the nation's supply of housing. The 1969 Housing Act gave the local authorities the power to give grants 'at their discretion' for improvements; up to £1,200 tax free per dwelling. It also gave the local authority power to declare General Improvement Areas, where the local authority would, in addition, spend money on improving the environment.

A circular accompanying the new legislation stated **'It is much to be hoped that from the beginning of their enquiries, local authorities will make it absolutely clear that what is under consideration is a programme of action designed to raise the standard of amenity and comfort for the residents'.** (Government Circular 65/69)

It seems clear that the original intention of the 1969 Act was for local authorities to use grants to encourage the landlord to improve rented accommodation for his tenants. **But if he did improve,** the return that he would expect on his increased investment would mean a large rent increase for his tenants.

A Kensington and Chelsea study of an area at present undergoing improvement, pinpointed the irrelevance of this whole process to those working class people whose accommodation is improved. In the neighbourhood of Colville and Tavistock, the economics of improvement 'bore no relation in any way to the surveyed income' (Director of Redevelopment, Kensington Society, 21.9.72).

Two properties in the area were examined, each to be improved by conversion to three self contained flats. The report goes on:

1. Private landlords, simply to cover outgoings, excluding profits, would need to charge rents of £19 in one instance and £14.80 in another, per week.
2. A Housing Trust could reduce this to £13 and £10 respectively.
3. Owner-occupation of one of the flats would mean mortgage payments, including tax benefits, over 10

years of £9.12p and £7 respectively, again covering outgoings only. (loc cit.)

In the present political context, the situation seems insoluble. Even given the maximum rebate coming from the new Housing Finance Act of £8 available to council and furnished tenants, these minimal rents would still be beyond the pockets of the majority of the present tenants. Either the areas continue to decay and the low income people suffer present conditions or they move out.

Improvement grants overall have been a special tax subsidy to property companies since 1969. In Hammersmith, for years a run-down working-class area, the Council has paid out £950,000 in improvement grants, and property developers have received £700,000 of it. Between 1971 and 1972 landlords and developers in Kensington and Chelsea received almost 70% of the grants, in Hammersmith 67% and in Westminster 64%. (GLC)

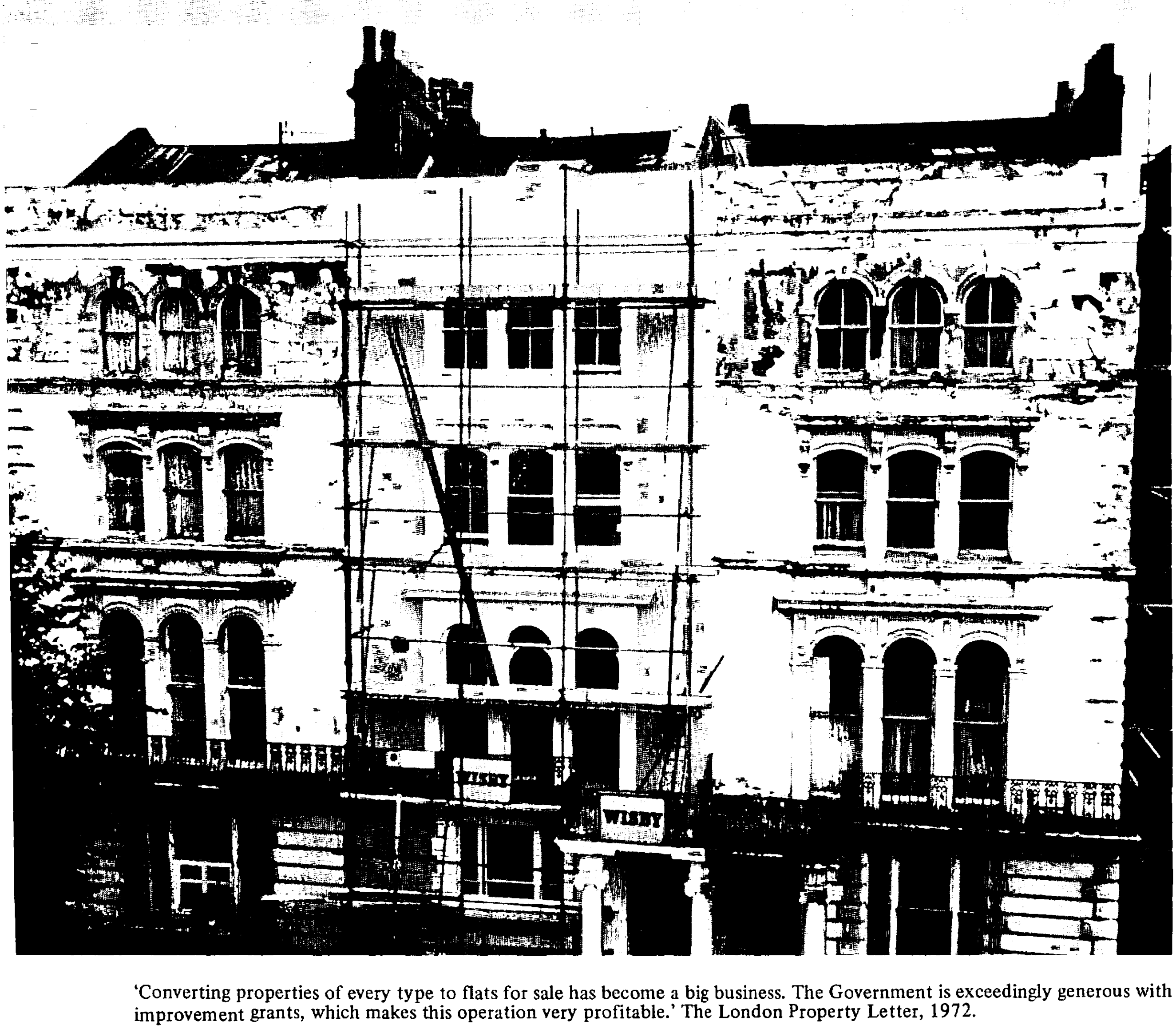
Three property companies working in Hammersmith were awarded £120,000 in grants since 1969. They created, with the aid of these grants, luxury flats which gave a profit of £2,500 per flat (Sunday Times 29.10.72). The Chairman of Hammersmith Housing Committee in a newspaper interview instances houses which have gone from £3,000 to £30,000 in four years. (Sunday Times 29.10.72)

The Sunday Times comments, 'Far from helping the needy, the scheme has drastically reduced the amount of accommodation available for rent, and provided in its place much more expensive accommodation for sale.'

The speculator's comments are succinct, 'I agree that public money could have been better spent helping those in need', said Mr. Church of a successful property company in Hammersmith, 'but you cannot blame us for taking advantage of the Law' (Sunday Times 29.10.72).

'Improvement is the name of the game' the Minister of Housing explained on a T.V. programme (World in Action 18.9.72).

Conversion for profit has been a game increasingly worth playing by the developers. The huge increase in house prices indicates the willingness of



Shelter photo by George Marsham

'Converting properties of every type to flats for sale has become a big business. The Government is exceedingly generous with improvement grants, which makes this operation very profitable.' The London Property Letter, 1972.

landlords and developers to convert. But the desire for big profits, and the increasing cost of buying houses, is reflected in the phenomenal rise in rents on those houses not converted for sale.

North Paddington, described in the Milner Holland Government Report (1965) as one of the worst areas of housing stress in London, is an example of what happens to an area when the developers move in. The Marylands and Lanhill district is a General Improvement Area. A survey published in 1972 showed how the developer, assisted by public grants, has rehabilitated some of the houses. In the 'improved' houses, rents had risen from a pre-conversion average of £5, to a post-conversion average of £22. The old tenants, mostly furnished and unprotected, have moved away to the area's decaying peripheries. Like the Hammersmith area, Marylands and Lanhill had a fairly stable working-class population. Most of the tenants of the unconverted accommodation had lived there for at least four years, some for much longer.

The Property Companies

The same applies to the North Kensington neighbourhood of Colville and Tavistock. For years the people struggled to live in houses in poor physical condition, in overcrowded multi-occupied accommodation. Now the area is being 'improved' by the property companies. Since 1967, 40% of the area had been changed from 'low rent' to 'high rent' accommodation, three quarters by conversion to 'luxury' flats. Before conversion average rents had been £4.80, but after conversion average rents rose to £14.50, with some as high as £25. None were below £9 per week. (Losing Out, Notting Hill People's Association Housing Group, 1972)

In Islington, Camden, Hammersmith, Wandsworth and Westminster, the story is the same. The major shortcoming of the displaced population in all these areas was the size of their income. In North Kensington, 50% of the households had less than £20 a week (GLC Occupancy Survey, 1967), and in Paddington, 70% of the population earned less than £20 per week. In each case, the largest identifiable groups are service workers (transport, shops, hotels) and the elderly. Unsurprisingly, a Westminster Council Report on improvement in Paddington stated: 'Rents for improved properties will be far above the amounts most families in the area could reasonably afford.' (Westminster Council Report)

In many cases the improvement grant is no more than an additional profit bonus to the developer. Recently the Notting Hill Housing Trust purchased two houses from a developer, together with plans and priced specification for conversion. The houses had been bought by a developer for £43,000 for conversion into 22 flats. Total profits upon selling would have been £15,500. When the 'no strings' improvement grants were added to this, **total profit would be £41,900.**

It is interesting to read the Trust comment on this 'improvement'. 'Had the Trust maintained even the same conversions of impossibly small non-family units, for letting at fair rents (for local people), its total deficit would have been in the order of £3,000 per annum.' (Housing Review, May 1972)

Who Gains? Who Loses?

While house prices nationally have gone up by 40% since June 1970, prices in London and the South East have gone up by 90%. (Occasional Bulletin — Nationwide Building Society) In some parts of inner London, they have increased by 200%. One estate agent's list in West London shows that the average price of three storey houses has increased from £6,460 in 1970 to £18,170 in 1972.

An estate agent's list in Upper Street, Islington — Ward Saunders — shows how the average price of houses in 'gentrified' Barnsbury increased:

1966	£7,000
1967	£8,380
1971	£14,545
1972	£22,500

(A. Power, A Battle Lost 1972)

Often these prices only reflect the **potential** to convert with a grant.

'When selling unconverted houses some property owners had added on to the price the amount that was potentially available in improvement grants. This practice coupled with the competition among speculators for suitably convertible houses has forced the price of property up in Hammersmith by far more than the average market trend'. (Sunday Times 29.10.72)

'Properly done, conversions are the next best thing to counterfeiting for making money.' (London Property Letter)

During 1971, the London Property Letter, circulated to estate agents and investors, picked out almost every working class district in every London borough in the inner area, as having 'possibilities for reclamation'.

But it is not only in the 'specialist' journals that this attitude prevails. Even in the more widely read columns of the Financial Times, readers are encouraged to invest in 'the marginal neighbourhoods' where 'considerable profit potential is yet to be realised'. In an article 'Coming up in the World' (Financial Times 13.1.73), Deborah Waroff writes:

'The concept of slum clearance is very nearly obsolete today, at least as far as Inner London is concerned. Planners no longer need to raze whole neighbourhoods and replace them with concrete blocks of flats in order to eradicate derelict housing. All the planners have to do now is wait for a run down area to be discovered — by investors, or, more often, by middle class families, happy to move into a marginal neighbourhood to save a few thousand pounds on the price of a house. And many people are also enthusiastic about the creative side of doing up a house to reflect their own personalities *(sic)*.

'Indeed, some of the most avante garde planning theorists are currently worried about the imminent shortage of slums. Not because they want to see families suffering in damp and foul dwellings. But because cheap, shabby properties provide space for the kinds of small businesses and individual enterprises that make a city come alive — designers, embryo publishing firms, junk dealers and so on. And on the more pragmatic side **cheap space is necessary to house services and servants without whom the city cannot function, from plumbers to char ladies.**

'Before too long it seems, however, that there will be virtually no cheap space available anywhere in Inner London, save for council and trust housing. This limited supply of low cost housing will guarantee that some people in the service trades will always be able to live near the centre. But marginal businesses and mad geniuses are unlikely to be offered council accommodation.

'Clear evidence of the spontaneous regeneration likely to occur in all privately held slum streets can be seen in the price levels of properties recently traded in Stockwell in the London Borough of Lambeth. A house in Thorne Road, just off the South Lambeth Road, sold late last year for £65,000. Two years ago one might have thought that sum a lot to ask for Lambeth Palace. Yet this house, an admittedly pleasant 1850's style, is only a two-windows-wide terraced building on five storeys, including basement.

'A more usual current price for a house in the handsome Albert Square-Lansdowne Gardens area of Stockwell would be around £40,000. Although these houses are large and the rooms within well-proportioned, the prices still seem inordinately steep. After all, Stockwell tube station is one of London's favourite haunts for muggers according to the news reports. On the other hand, the area is only three-quarters of a mile south of Vauxhall Bridge, which means it is far more central than most of Kensington and Chelsea.

'South London is definitely coming up in the world. One would not yet call Stockwell a fashionable address. But it is certainly an interesting area from an investor's viewpoint, with considerable profit potential yet to be realised in many streets. Which makes the scheduled auction of the Ramsbury Estate at the May Fair Hotel on February 20 an absolute must on the property watcher's social calendar.

'*Neat triangle.*

'The estate itself is tiny compared with the famous estates north of the Thames. It covers 2.9 acres of land. Properties on the land include 47 houses, six shops with two flats above each, and six large buildings in Clapham Road. The other properties are on Atherfold, Landor and Hemberton Roads — the estate forms a neat triangle immediately adjacent to Clapham North tube station. The neighbourhood is not exactly one you would want your 17-year-old daughter to live in — yet. But professional people are already buying terraced homes close to the Clapham North tube, so it will no doubt attain respectability before the decade is out.

'The estate itself is a valuer's nightmare. It is certainly worth more than £500,000. How much more depends on one's optimism about its development potential. Despite the existing commercial uses, the estate is zoned as a residential area by Lambeth. **Adjacent to a tube station, it is an obvious site for a large and lucrative office-shop-flat development project.** Yet no planning permissions are extant to facilitate such a project.

'The estate is tenanted largely by regulated and controlled residents, which means delayed gratification or costly compensation payments for an investor. There is also talk of Lambeth declaring the neighbourhood a general improvement area, which would make grants available for outdoor amenities as well as indoor baths. **Overall, it sounds a suitable purchase for a nice and patient investor who doesn't get ulcers at the thought of sitting tenants minimising his profits.**

'In fact, many private investors have expressed interest in the estate, as have several property companies.'

This attitude represents exactly the attitude of the property speculator, consisting of a total abdication of social responsibility. While it may be the 'trendy' thing for speculators to make families homeless, it is surprising that the sober capitalism of the Financial Times descends to advertising opportunities for doing this.

The rise in house prices reflects directly the activities of the property developer, and its enormous acceleration over the past eighteen months reflects the large flow of money made available to them by the banks and other lenders. This, coupled with the substantial increase in mortgages for owner occupiers, means the weight of money flowing into the housing sector has forced prices up at an unprecedented rate. In general terms this has ensured that the price of houses and flats for sale will be beyond the means of the lower-income population (in London they always were); but the rents, too, of the houses improved for letting will also be beyond them.

The rent levels and house prices are not connected to the bricks and mortar needs of the people, but to the large returns expected by the developer. There is thus no consideration of the rent-paying capacity of an important sector of the population.

The kind of improvement dealt with above is irrelevant for the people who live in the as yet unimproved property, and who most need better housing. Their homes are improved but they must move out.

Who Loses?

In the study done in North Kensington (Losing Out) the same area dealt with in the Kensington and Chelsea Report, in two large 'block' improvements, out of 67 households evicted (including 97 children): five were made homeless; six were rehoused by council or housing associations; and 54 found other private accommodation — of these, a small proportion remained in North Kensington, the others moved to other areas of London, e.g. Kilburn, Willesden, and North Paddington, and a few returned to the West Indies.

An investigation by Shelter to estimate the numbers of tenants who are benefiting from the improvement of their accommodation came to nothing; no London borough had the slightest idea. Out of 25 tenants assisted by the local tenants association in the Lanhill and Marylands Improvement Area, only one family had been able to return to their improved flat (Shelter Paper 4, 1972). Greve notes, 'As a cause of homelessness the actions of private landlords have shown a disproportionate increase in the last four years. Nearly two-fifths of all admissions to local authority homeless family accommodation are in this category.' (Greve 1971) The Minister of Housing remained calm: 'I recognise, however, that in London at any rate the buoyancy of the housing market has led to some change of occupancy and movement in population,' (Amery, National Housebuilders Registration Council Conference, October 1972).

Evidence given to the GLDP Inquiry summarised the position of the tenant confronted with the developer:
'They will be pushed out. If they are furnished tenants they will get notice to quit. If they are overcrowded the legal enforcement will be applied. If they are timid or ill-informed, they can be harassed. If they are stubborn the landlord may have to wait, or even offer an alternative flat. But in the end the conversion will go through: the poor will be pushed out by the rich, the stock of cheap rented housing grows scarcer and scarcer, rents, overcrowding and homelessness are forced up and up.' (Holmes)
High rents or evictions — the effect on the working class population is the same. Indeed things have changed little over the last 100 years. 'This is how the bourgeoisie settles the question in practice. The infamous holes and cellars in which the capitalist mode of production confines our workers are not abolished; they are merely shifted elsewhere.' (Engels, 1872)

A Lambeth study showed that private enterprise will not and cannot provide housing for reasonable rents in Inner London; indeed all research shows this to be the case. At some points it seems that the GLC planners themselves recognise this: for instance when they state in 'Tomorrow's London': 'We now have arrived at a state of affairs where the minimum rental for a 700 foot family dwelling in London based on current building costs, increased rates and costs of maintenance has to be something of the order of £10 to £12 per week, and even this can only be achieved by non-profit making housing associations.' (Tomorrow's London p59) They go on, 'For all practical purposes we are having to plan future housing provision on the basis of owner occupied or local authority rented housing' (Tomorrow's London p58). They also quote the Family Expenditure Survey 1967: 'only 21% of all Greater London men have earnings of over £30 a week, the practical minimum at which in London a mortgage becomes feasible' (Tomorrow's London p56); or, put another way, 'it was estimated that in 1967, 85% of all households could not, on their head's income, obtain a mortgage on a house sold at £5,000' (GLDP E11/1,3.23). (There are no dwellings nowadays near this price.) This is all evidence the GLC have before them. If they recognise these factors then they should be planning for a viable alternative in the public sector for the 900,000 households living in privately rented homes. It is only empty political dogma when the Greater London Development Plan states that in housing 'more opportunity needs to be given for private enterprise to play its part' (GLDP).

The Never-Changing Problem

'Nevertheless, the Capitalist order of society reproduces again and again the evils to be remedied' (F. Engels, 'The Housing Question', 1872).

'The housing position in London during the period preceding the First World War is excellently portrayed by Dr Robinson in his evidence quoted at length below. Shoreditch was the only London Borough in 1902 to have completed a large housing scheme and thus the evidence of the borough town clerk is of particular interest. **The evidence shows that all the same housing problems existed in that period which are still being discussed in parliamentary debates and the Press; the changes which have occurred in the nature of the problems are relatively slight.** Now it is the West Indian immigrant who is most often quoted as causing overcrowding, whereas at the beginning of the century it was the Polish Jewish communities. Now families of three or four children have very great difficulty in finding accommodation and such families are those who most frequently become 'homeless'. In the earlier period it was families with six to eight children who found it almost impossible to get accommodation. And now the high price of land and the level of loan charges still causes the rents of council houses to be above the level which the poorest families can pay.

'Dr Robinson's evidence to the Select Committee on Repayment of Loans by Local Authorities 1902 ran as follows:

'(Answer to) Question 5346

We had a large number of applications. We advertised that the places were to be let, and we had about 300 applications for the first 50 tenements. We sent our superintendent round, and had a very careful report with reference to these peopie, and we gave preference to persons living in Shoreditch already persons who had been displaced by the scheme if there were any, but only one family applied. There was only one family, but perhaps three or four persons.

'Question 5350

I do not think you have quite told us how you fixed on the one man out of 300 who was to enjoy the advantage of living in the house? — We had a great number of applications from people who had such large families it was almost heart-rending to go through them, and that is one of the greatest evils of the housing question in the East End of London — people with 5, 6, 7 or 8 children would apply for two rooms; that is all they could afford from their wages, and we found that we should be allowing more than two people to occupy a room, and that, according to the Local Government Board standard, would be raising insanitary conditions; therefore we were bound first of all to strike out those who had larger families, and they were the bulk of the people. Now, those are the people who want housing accommodation in the East End of London; no private speculators will take them in because of the large families. We have had cases where people actually came and lied to us as to the number of their children, representing that they had a certain number, and when they got the tenements we found afterwards that they had other children who came up from the grandmother's house, or some relative's house, because they found they could not get accommodation if they told the truth as to the number of their family.

'Question 5441

I take it that the people are being sweated in consequence of the scarcity of the houses? — Yes. I do not say that they do it wilfully to sweat them, but according to the economic principle of supply and demand, when there is all demand and no supply, then they have to pay a sweating rent. We have 30 per cent of workers in Shoreditch, and they are not Polish Jews and the wretched off-scouring of London, but the *bona fide* working man, who is the backbone of the country.

'Question 5446

Is it not possible to carry out a housing scheme without charging for two rooms 7s. 6d.? — Not if you pay £21,000 for the land. We have come to this — that I am advising my council that it will be better to build municipal dwellings on leased land than on freehold land bought under these onerous conditions.'

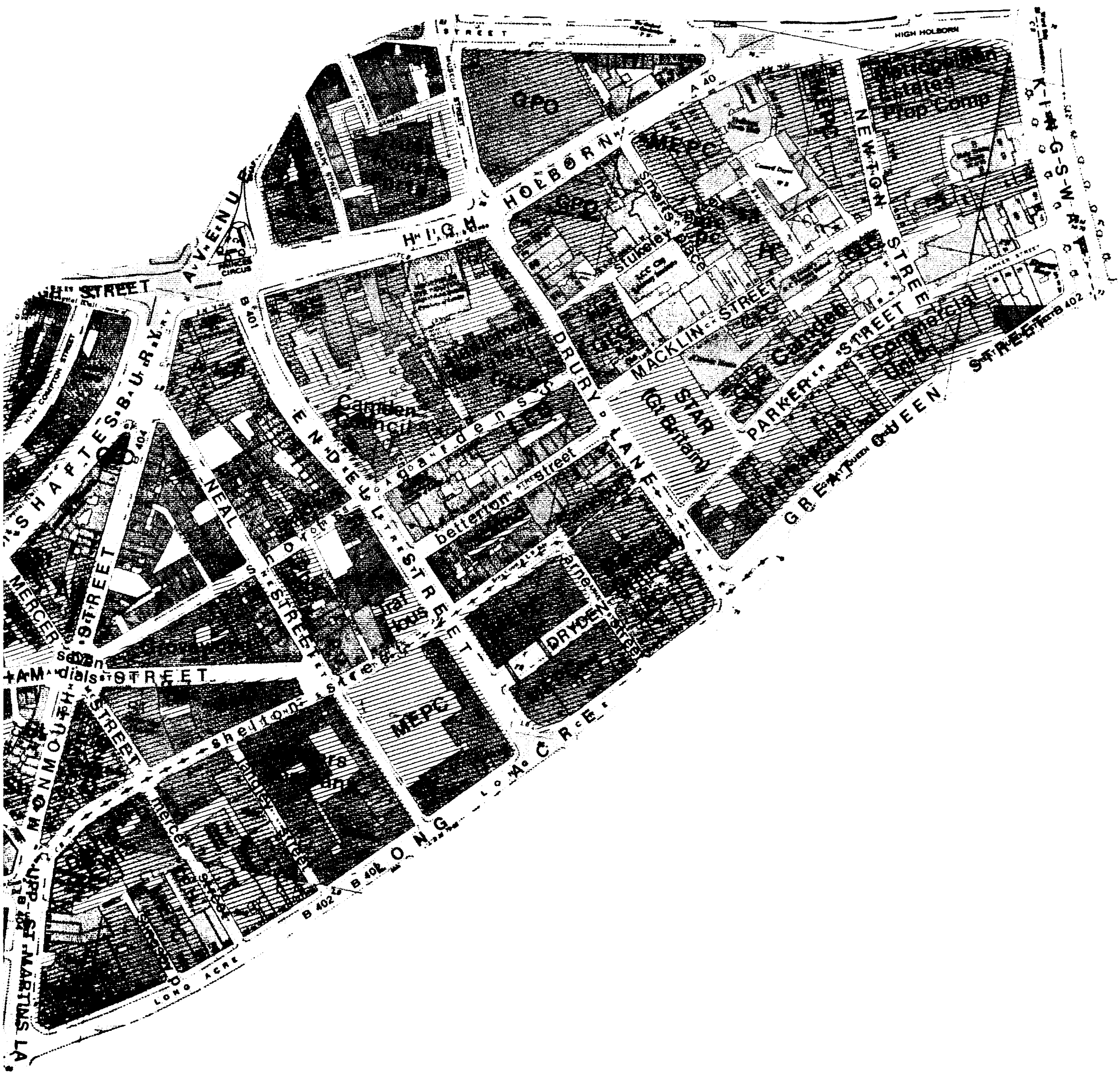
(A. A. Nevitt, 'Housing Taxation and Subsidies')

IGLDP: General

The Line of Opportunity

G	Glenelg Property Company Ltd
LEB	London Electricity Board
GPO	General Post Office
T&C	Town and City
GLC	Greater London Council
CU	Commercial Union
Gd Met gm	Grand Metropolitan Hotels
Camd	Camden Council
sa	Savoy Hotel Group
H	Howard Properties
Pb'dy	Peabody
St ST	Stock Conversion
Ha	Haslemere Estates

No responsibility is accepted for any error or omission



DAVID LEWIS	David Lewis Properties (subsidiary of Eastern and General)
AIP	Amalgamated Investments and Property
CPH	Cripplegate Holdings Ltd (subsidiary of AIP)
MEPC Mepc	Metropolitan Estates Property Company (Hon. Angus Ogilvy)
AH	Associated Hotels (wholly owns Securicor)
IPC	International Printing Corporation
Grove wood Sec	Grovewood Securities
Traf House	Trafalgar House Investments
DoE	Department of the Environment
Westm't'r	Westminster City Council

The Line of Opportunity

Photographed by Serena Rule.

The map speaks for itself, but certain points are worth noting:

1. On the Haslemere site, four months before the public inquiry into the Covent Garden Development Plan, the GLC and Camden Council demanded that the site be redeveloped with part of the proposed underground North Spine Road incorporated into its basement. This demand presupposed that the road system would go through, regardless of the inquiry.

2. On the Wintergarden Theatre site, Camden Council has acquired 35 flats for public housing. These were originally designed as offices and are thus utterly unsuited to conversion to flats due to such things as vast central heating ducts.

3. The huge MEPC site replaces an area of low rental, mixed dwellings and businesses, including the 38 dwelling Thurston House. The north-east quarter of the site was bought from the Crown Estate.

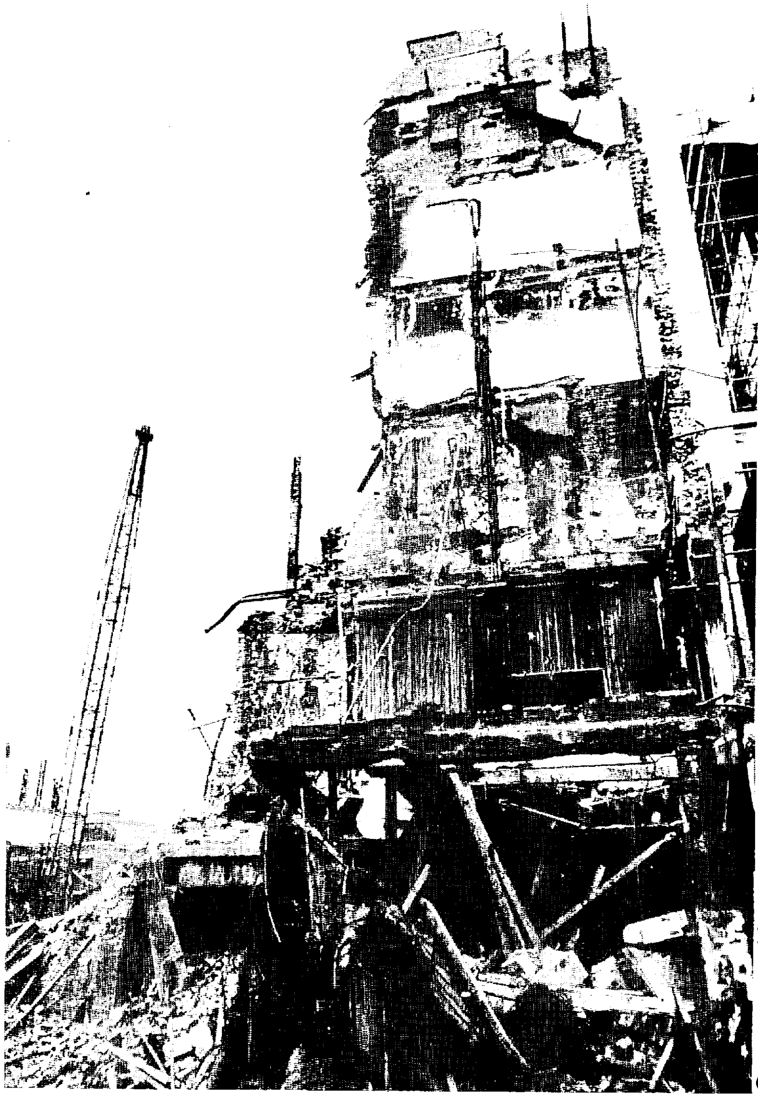
4. Neal Street has undergone a process of commercial 'gentrification'. For example, where there were thirteen fruiterers in 1957 — attached to Covent Garden market and integral to the working class community established in the area for centuries — there are now four. The other nine have been replaced by three design firms, one architectural partnership, four craft and 'fancy goods' retailers, one vegetarian restaurant and one expensive businessmen's lunch-spot, a T.V. programme consultancy and an advertising agency.

5. The destruction of public housing has been detailed in our analysis of Sandringham West Flats. But there is also Trentishoe Mansions, a GLC block on the proposed Town and City Properties' development at Cambridge Circus. The GLC emptied and smashed up the interior of these dwellings in 1972. Their reason? 'The sale of the property to the developers will ensure the availability of land for the proposed widening of Charing Cross Road' stated Bernard Perkins, chairman of the GLC HousingCommittee. Camden Council, as the local authority, has final control of detailed planning permissions. But, should the GLC succeed in selling to Town and City Properties, Camden would be liable for enormous compensation if it refused to give this permission. Camden Council is therefore attempting to buy the property from the GLC and to wait a year or two until Town and City's outline permission expires. It should no longer surprise us that the GLC has put a very high price on Trentishoe Mansions, creating a tremendous problem within Camden Council as to the priorities for their expenditure on public housing.

6. The fate of Gerrard Street's Chinese business community is in the hands of WCC, the GLC and Stock Conversion, none of which are renowned for putting people before profit. If the redevelopment of Piccadilly occurs then not only will the restaurant and entertainment centres of Wardour and Rupert Streets be forced out by demolition or high rents, but Stock Conversion will try to, and probably succeed in, redeveloping Gerrard Street. This is now the centre of England's Chinese community which was previously displaced by massive post-war housing renewal schemes from its traditional home near East India Docks.

◀ One of the traditional small industries of Covent Garden (top) now stands only three doors from the ever expanding commercially gentrified businesses in Neal Street (lower). The process apparent in the street proves yet again that to simply conserve the physical structure does not conserve the resident population.

On the Odhams' site once stood the famous and beautiful Queen's Theatre. The redevelopment of the site was limited by the necessity to incorporate the listed facade. However, a fortunate fire destroyed this, leaving the site entirely free for office space. ▶



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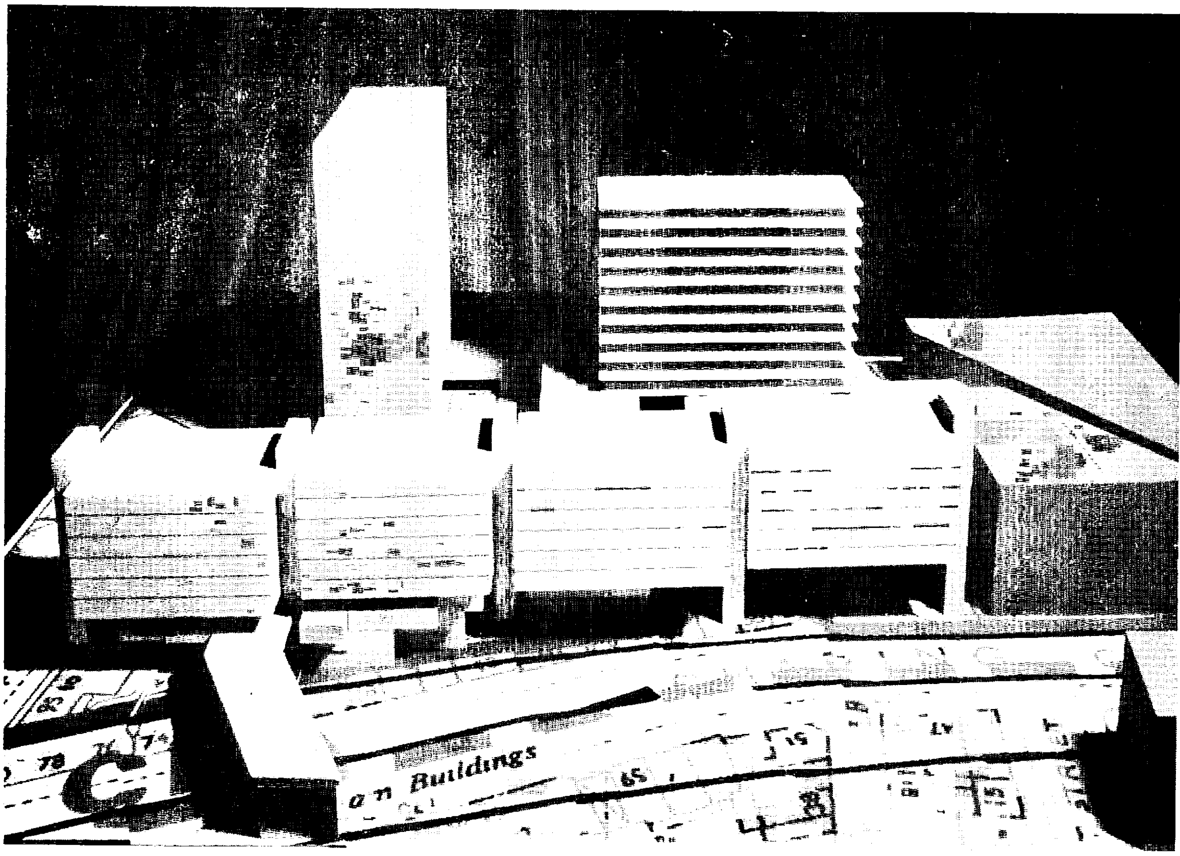
'Proposals like these for developers . . . could now happen in a widened Charing Cross Road' (Architect's Journal 24.1.73). The developer here is Town and City Properties, yet the site is that of Sandringham Flats East, presently owned by the GLC, and being rehabilitated as public housing. Do the GLC intend to repeat the scandal of Trentishoe Mansions?
▼



Photographed by Peter Baistow

The London Crisis

At the centre, within an astonishingly small area bounded by the main railway stations, there is the greatest concentration of workers, every weekday, to be found in Europe. Less than a quarter of a million people sleep here at night, over a million and a quarter work here during the day. They include most of the richest of London's workers — the professionals and the managers in finance, in publishing, in advertising, and in government — and a surprising proportion of the poorest; the barmaids and the waiters, the refuse collectors and the cloakroom attendants who keep the great concentration of service industries going. Furthermore, in this central concentration of jobs, the richest and poorest seem to be growing at the expense of the middle.' (Peter Hall in Hillman p137)

Despite often-quoted statistics which show London to have the highest average earnings in the country, an examination of the composition of those who work in the central area referred to by Peter Hall shows that this advantage is unequally distributed. According to figures supplied by the Department of Employment, earnings of manual workers in an area corresponding broadly to that described above (covered by the employment exchanges of Bermondsey, Borough, City, King's Cross and Westminster) were 11¼% above the national average, while those of non-manual workers were more than 20% above the national figure. The growing income polarisation of Central London is, with the housing problem associated with it, one of the chief concerns of London's planners, including those responsible for the Greater London Development Plan. David Eversley, who was from 1970 to 1972, Chief Planner (Strategy) at the GLC, described the low incomes crisis thus;

'London is seen, traditionally, as being immensely rich. It contributes 28% of the nation's income tax, but this refers to the income earned in London, not by the London residents. They in fact are steadily becoming relatively poorer than those who live in the rest of South East England, and the inner city earnings are scandalously low. In 1971, in all London, over 27% of all men had weekly incomes of just over £20 net; 30% of all households had less than £25 from all sources . . . On present trends, the time is not far off when half inner London's population will survive on allowances, rebates, and free services . . . Manufacturing employment is rapidly moving out of London — we have lost a third of it in eight years. The central government may allow excessive amounts of office development permits for London, but this doesn't help the ex-cabinet maker or trouser presser. Unemployment is growing, hidden unemployment is worse. In 1971, in Tower Hamlets, 10% of all males who called themselves economically active, hadn't worked in the week before the census. These all sound familiar American problems.' (New Society 5.10.72 p19)

London or New York?

Those who wish can certainly find the signs of the American urban crisis in current London trends. The polarisation, if not ghetto-isation, of the city centre is only one of them. As we shall see, the disputes on housing overspill between the inner and the outer boroughs reflect an unwillingness on the part of the more prosperous outer suburbs to

Photographed by Hong Manley

'The stranglehold of the developers and land monopolisers makes any solution in the interests of London's people, any other outcome than chaos, an impossibility.'

shoulder any responsibility for the problems of the decaying centre. And one of the justifications for the official objectives of the Greater London Development Plan appears to be the fear of a possible decline of rateable values in the area as industry and employment move out.

The changing economic structure and shifting job-pattern of the city centre was one of the planners' main concerns in the period the Greater London Development Plan was in preparation. The other was the growing housing crisis. According to the 1966 census (the most recent available to those drawing up the plan, and, in the absence of the 1971 figures, to us also), in that year, over a quarter of all London family households — over 600,000 families — lived in shared accommodation. Half of these had to share a bathroom; a third had no access to a bath at all. One eighth had to share a stove and sink. An estimated 15% of the housing stock failed to meet the minimum acceptable standard. According to one estimate, 'Between them, in fact, the shortage of units and the inadequacy of existing units mean for Londoners a deficiency of decent housing half as large again as the total stock of housing in Birmingham' (Hillman pp51-2).

Faced with this mounting crisis that affects both the quality of life in the city, seen as a net of social relations, and the chance of millions of London's people to get so much as a roof over their heads, the crucial question is; who builds what, where and when? And under the system of which Stock Conversion is so conspicuous and successful a part, the answer is the private owners of land, in accordance with no other considerations than their own profit. The problems of London are massive, and would be under any system; the stranglehold of the developers and land monopolisers makes any solution in the interests of London's people, any other outcome than chaos, an impossibility.

The Planning System

It is the planning system itself which to many people is the strongest reason for rejecting such a strongly-painted view. Is not British planning, especially as it emerged from the years of reforming legislation at the end of the war, the envy of the world? Are not the powers of local authorities and central government sufficient to ensure that the public interest is safeguarded and that private profit is channeled and controlled for the general good? In fact, the history of planning shows that private ownership of the land and private initiative in, and profit from, its development, sets forces in play which will always break through the obstacles of any planning measures which start from an acceptance of their legitimacy and permanence. And as long as this is the case, the way our cities develop will remain beyhond the control of those who live and work in them.

The conventional capitalist justification of private ownership of industry and production for profit, argues that the individual entrepreneur, by his activity, creates employment, pioneers new products, and thus by his enterprise plays a creative role in society. 'Invent a better mousetrap and the world will beat a path to your door'.

This argument, whatever its merits, cannot possibly apply to the landlord. He did not create the land, which is in fixed supply, and improvements in its value result not from his own actions but from those of society, frequently of public authorities. It seemed to land law reformers at the turn of the century, as since, that the community should reap the benefit of the increased land values it had created.

Moreover, in this field as in others, the growing scale and complexity of modern life made some form of planning necessary. And as some land would be scheduled for development and some would not, it was necessary to establish some equity between the landowners and developers themselves.

The Early Acts

The original act of 1909 established the idea that betterment — the increase in the value of land resulting from a change in its use — should be paid over to the local council. Though radical, the act was loosely drafted, and too full of loopholes to be workable. In 1932 it was replaced by a new planning act, influenced by American experience and the principle of 'zoning'. The local authority could draw up a planning scheme to cover all land in a given area, specifying for each plot the uses to which it could be put. The payment of betterment was replaced by the principle of compensation for refusal of planning permission. Of course, this gave local authorities an incentive for not zoning land for public use, as this could cost them too much in compensation.

The scheme was at once too rigid, in that all land was to be zoned, and too loose, in that there was no control of the type of building for any given use. By 1939 few schemes had been drawn up.

During the war, no development took place, and the next major changes were brought about by the 1947 Act brought in by the Labour Government. What the Act attempted was the nationalisation of the development value of land. Owners were confined to the existing use of the land, and to the existing use value. Any increase in the value resulting from development which altered the use was to be paid to a government board as a Development Charge. To prevent the charge becoming simply a tax passed on in the price, it was provided that if a buyer was offered land at its development value, rather than its existing use value, he could get the board to compulsorily purchase it at the original value.

The only effect of this however was to ensure that while this section of the Act remained in force, land was hardly ever offered for sale in writing. In 1951 the Conservatives abolished the development charge, but kept the system of controls laid down in the Act. As modified by those sections of Labour's 1968 Act not subsequently repealed by the Conservatives, the current procedure is that local authorities draw up a plan which specifies the primary uses for different areas, without going into details for each plot of land, and without preventing variations in particular cases. The plan merely indicates the general intentions without tying each plot to a particular use in the way that zoning used to. The plan also shows the line of proposed roads and land that the authority intends to acquire for public uses, to act as a warning for existing owners; and also as a signpost for forward-looking speculators, such as Levy at the start of his career.

Owners can apply for permission to use land for a different purpose to that specified in the plan. If the application would be a 'significant departure' from the development plan, then the authority must get permission from the Secretary of State. The plan as a whole must also be approved by the Department of the Environment. Those granted planning permission are entitled to compensation if it is subsequently revoked. As at Euston Centre, the cost of this can often be so great as to induce the local authority to relax the density or other provisions of their plan in return for a developer's agreement to waive his claim.

Abercrombie Plan

In the London region, the outline of planning policy in the postwar years was laid down by the Greater London (Abercrombie) Plan of 1944, which was adopted by both the central government and the county councils concerned. A product of the war-time mood of reforming paternalism, it claimed to start its analysis by concentrating on the direct improvement of social conditions, such as bad housing and industrial congestion. From 1945, the policy agreed by both major parties was to reduce the number of people in greater London. Population was to be stabilised at a figure one million below the 1939 figure, the Green Belt was established round the conurbation, and eight new towns and various expansions of existing towns were established beyond the Green Belt to absorb the population and industry dispersed out of London.

But the report did not foresee a number of later developments, in particular, the rapid growth of office and service employment in central London. The plight of the homeless and the immigrants, the new developments in the docks and the rise of car ownership created a new range of regional environmental problems. It was partly to deal with these that the pattern of London local Government was restructured with the creation of the GLC.

The Greater London Development Plan

Partly as a result of the housing crisis, the population of central London began to fall in the mid-1960's; concern over this problem became widespread at about the time of the change in political control of the GLC, in 1965. The incoming Conservative majority seized on widespread worry over one aspect of this problem; the low-paid workers in the centre of the city, mainly working in service industries with long hours, who by the nature of their work must live in the centre, on land which office development was making too expensive for them to afford.

This was formulated by some planners as the problem of a 'gap' opening in the jobs hierarchy in central London, which would be occupied exclusively by the highest and lowest-paid; the solution was seen not in either raising the abysmal wages of the lowest-paid, nor in taking measures to counteract the effect of office development on the price of building land, but in keeping more of the middle-class in central London.

The Greater London Development Plan, first published in 1969, provoked a massive outcry, partly because it was accused of abandoning the previous social priorities of London planning in favour of the forces of the market, and partly because of lobbying by those affected by the proposed Ringway road plans. A public enquiry set up in 1970 finished its hearings early in 1972, and there have recently been allegations that publication of its report is deliberately being delayed for political reasons, till after the next GLC elections.

The National Interest

The report starts from the two preoccupations which we have mentioned above; the shift in the population and employment pattern of the GLC area, and the housing crisis. The first trend is seen as a threat to a fundamental assumption of the plan. As B. J. Collins, the Council's joint Director of Planning and Transportation, stated in his Opening Presentation to the GLDP enquiry; **'It is clear that the national interest demands an ever more efficient performance from London as the centre of many of the most essential and growing national activities. The Council intends to the limit of its power to see that London meets that demand'** (E11/1 para 2.34).

But if this is the priority then how can the plan achieve what is declared to be its second objective?

'Improvement of housing is the most vital step in improving the whole environment of London life. We have to tackle the problem on all sides at once; secure sufficient land for new schemes; demolish the worst houses; accelerate the improvement of suitable fit old houses, as provided for in the 1969 Housing Act; encourage Housing Associations where they can best rehabilitate old dwellings; and encourage private builders. We have to ensure also that the concentrations of people in poor housing are relieved; by ensuring that the lower income families get more chance of moving; by encouraging conversion of suitable dwellings in Inner London for middle income groups where this can be done without causing hardship to existing tenants; and by raising the economic activity of the poorest sections. This is but to comment on the situation as it is today' (E11/1 para 3.29).

Self Parody

The answer offered, insofar as there is one, is simple, and is the same as that given by politicians of both parties nationally; more growth means more profits, and thus higher wages for all. 'An improved economic base with a higher proportion of firms achieving high standards of efficiency would raise the incomes of those less well-provided. If London could attain all the economies of scale which are feasible in administration, transport and retail distribution, then personal incomes would grow. The quality of life in London would rise, and the numbers of people who depend in part on publicly provided welfare services would decrease.

Thus the real costs of the public sector would tend to fall in relation to increases in revenue.
'The beneficial effects of increasing economic activity may be summarised as follows;

1. More households would be able to afford the costs of dwellings of the standard considered desirable. There would be more high quality dwellings, real values would be greater, there would be a sounder basis for securing public revenues, and less money would be needed to subsidise housing.

2. Households would be able to afford more and better quality goods and services, businesses would be more prosperous and would be able to spend more on their property and have larger corporate incomes from which to contribute to public revenue, whatever might be the methods by which public revenues were raised.

3. Londoners would be able to spend more on transport. While this could lead to more cars, it would also create a greater capacity to meet costs of handling additional traffic. It would also mean that the users of public transport could afford the fares necessary to provide improved services and reduce the need for public subsidies.

4. The improvement in London's whole infrastructure and transport would cater better for more visitors, add to corporate and non-corporate income, and lead on to yet higher standards.' (E11/1 paras 4.28 & 29).

This statement embodies in its platitudinous fantasies, so many of the illusions and mystifications on which the 'thinking' of the GLDP (and much else besides) is based, that it is hard to believe that it is not an exercise in self-parody. We shall see below, in greater detail, the width of that gulf between the plan's two objectives, which our author here attempts to bridge by an imaginative exercise in corporate-capitalist self-help. For the moment let us look at some of the admissions which are involved in the Presentation's attempt to argue for its goal, of taking steps to keep up the level of office demand for labour in inner London.

Should We decentralise?

'The idea should be dispelled that London's volume of enterprise can or should be dispelled by a greater decentralisation of office jobs, thus reducing at source the whole gamut of London's calls for population, workers, space, roads, services and so on . . . When office firms, or parts of them, move out of London, any premises or sites they vacate are then used by other firms. The expenditure of large sums to existinguish their office-use rights would not produce the advantage to the environment gained in the case of non-conforming factories' (E11/1 paras 4.21 & 22).

In other words, if London's people were to decide that their interests were best served by such a decentralisation, the cost of such a policy might be raised prohibitively high by the need to compensate the owners of land for office-use rights which the public authorities themselves created.

But other reasons emerge for the desire to stem the outward flow of labour. **'In London's present situation, chronic labour shortages are apt to mean that each job is manned by someone a little less efficient than the work demands. The aims we are pursuing are in the interests of the economy as a whole'** (E11/1 para 4.19). We also read that 'The solution which the plan has adopted at this stage is to try to contain the fall in population and labour supply at approximately their current rates, through appropriate housing, environmental, and transport policies, and at the same time to allow increases in industrial and office floor-space which, together with some other service activity, will fully employ the labour force without generating cost-inflation'. In other words, there must not be such an excess of jobs over workers as will lead to higher wages or less fear of the sack. The force of this argument was no doubt borne in on the members of the enquiry panel on the day the Public Enquiry opened, when **'As the lawyers carried their briefs into County Hall, striking sewage workers employed by the GLC picketed the doors demanding higher wages with which to support their families in the increasingly expensive capital'** (Wilcox, in Hillman p29).

The Key Contradiction

To return to the key contradiction in the plan, if its goal of allocating more of central London's scarce land to commercial uses (in practice office blocks) does succeed in generating a higher level of economic activity, what guarantee do we have that this will assist in meeting the plan's other objectives on the housing front? The central reason for scepticism is given in the presentation itself; **'Land values in London are already an obstacle in the path of all developments lacking high profitability or special sponsorship, and the trend is for the rise in London's extra costs to continue'** (E11/1 para 4.15).

It is this tendency which is the key reason for the incompatibility of the plan's twin targets, within the social context which the plan accepts. The more the level of economic activity in Central London rises, the more will rising land prices make it impossible to house the homeless and those in substandard housing at rents which they can afford; especially when we remember that the wages paid are to be such as not to 'generate cost inflation' or to pamper workers into coasting along at a level of effort 'a little less efficient than the work demands'.

These forces, powerful enough in their own right, are reinforced by such 'political' factors as the Housing Finance Act, and the unwillingness of the Outer London Boroughs to take any large proportion of inner London's homeless.

Why There Are Contradictions

This incompatibility between economic development and a solution of the housing problem is not absolute; it is a product of quite specific social institutions; land monopoly and private control of development. Without these factors, London's people could decide for themselves whether they wanted to see their city expand or contract, and what they thought was the proper balance between homes, offices, factories and schools. The only incompatibility between different objectives would be the physical factors which prevent the same plot of ground from being occupied by more than one building.

Those who fail to see the problems of London's development against this background of private ownership and development of land are either led to believe that the problems London faces are insoluble, or else are driven to special pleading and a disregard of the facts of the situation. The GLDP is a good example of the second. A despairing example of the first is provided by David Eversley, in the New Society article from which we have already quoted:

'If we help them to get out, we are accused of ridding ourselves of the proletariat. If we keep them here, it is to provide cheap domestic slaves. If we decide to do anything to stimulate labour demand, we are accused of wrecking regional planning; if we do nothing, we shall have a revolution on our hands.'

But it is not the fickle nature of an ungrateful public which brings such criticisms on the heads of the planners when they propose variants of either of the alternatives open to them within the existing system of ownership and development. Given the stranglehold of private interest, expansion or contraction of London must both lead to slow decay in the material level, as much as in the quality, of the lives of its citizens. Greater economic growth stokes the fires of land-price inflation, and prices the poor, and increasingly the middle-income groups too, out of their own city. If decentralisation is chosen, and still more if it is just allowed to happen, the rateable base falls and so does the incentive to private investors and developers. Both factors are, as we shall see, close to the centre of the GLDP's preoccupations.

Housing and the GLDP

If we examine the GLDP's contribution to London housing policy, we shall be able to see more clearly the ways in which the forces of the market in land development are unable to solve the crisis. We shall also see how the acceptance by the local authorities of that market, and of its priorities, inhibits them even from using those powers which they have.

The original GLC 'Written Statement for the Development Plan' pointed out that the two available remedies for the housing problem were re-development and rehabilitation; that population must be relocated, with GLC help; that Outer London development would have to contribute more, with GLC help, and that private enterprise and housing associations must 'be encouraged to assist the efforts of public housing authorities.'

'These rather generalised statements in fact constituted the Plan's whole housing policy' commented the Surveyor (11.8.72). 'There was nowhere to be found any quantification of what this policy might actually mean in terms of dwellings constructed, improved or demolished.' Table 1 of the Statement, however, did give accommodation estimates for each London borough by 1981. This predicted that 430-530 thousand new dwellings would be needed in Greater London in the period 1967-81 of which two-thirds were to be provided by local authorities. There was also an estimate of 228-296,000 demolitions and 60,000 dwellings gained from conversions (Report of Studies paras 2.93-96). These figures were in no sense targets. In the GLC's view 'the essence of the policy of the plan resides in the verbal statements about population, housing and so forth, not in the figures' (E11/2 para 2.54).

This was so much so that the chairman of the panel complained that **'We are all very disturbed that in many fields the policies, although they exist, lack particularity, lack vigour, and are in many cases . . . very vague . . . It is a matter of very grave concern to us that policies that exist in a rather generalised form should be stated with sufficient clarity for there to be little ambiguity about what they mean, and to provide the framework within which local plans can properly be made.'** (T99/27)

As a result of this criticism, proposed revisions to sections 1-5 of the Statement, submitted by the GLC in February 1971, show intended provision of new dwellings by boroughs for the 1967-81 period. The new targets raised the total to 440-580,000 dwellings, of which the outer boroughs were to provide 236-320 thousand and the inner boroughs 204-260,000.

But even if achieved, these figures would still not solve the housing problem. In January 1970, the GLC estimated that even if the 530,000 target were reached, this would still leave a shortage of 95,000 dwellings in 1981 (E11/2 para 288). Nor does it seem likely that the target will be reached. In mid-1967 to end-1970 (the first quarter of the target period) completions were only 20.8% of the upper target and 27.4% of the lower. As the number of new housing starts has fallen since then by about a third, to meet the lower target figure would require a faster rate of completions in the second half of the target period. 'The chances of this occurring' wrote a special correspondent in the Surveyor (11.8.72), 'were felt to be small because suitable building land is steadily becoming scarcer, and because the housing subsidy system, which has hitherto tended to favour redevelopment as opposed to rehabilitation, will be changed if the main provisions of the Housing Finance Bill are enacted.'

The demolition and conversion targets in the plan revision also show a disturbing shortfall. The GLC estimates would require a rate of 16,300 demolitions per year. The total so far achieved is 13,300 per year. On conversions the GLC target would require a rate of 4,300 per year. The average achieved in 1967-9 was 2,000 per year, and in 1971, 2,445. Eversley, in his evidence, thought that neither target was likely to be reached.

Cross-examination of the GLC witnesses revealed that the plan was based on wishful thinking. When asked by QC for the panel: 'would it be unfair to say . . . that what the figure represents is really what the GLC would like to happen, rather than what they think is likely to happen?' the GLC spokesman replied **'. . . we do not want a plan which merely ascertains what is going to happen'** (T39/71).

The Second Try

If the plan is a target, not merely a description, what positive plan of action does the GLC have in mind to get its targets, however inadequate, achieved? The Revised Statement says; 'It is important that the development of land now lying idle or under-used, but suitable for residential use, should proceed quickly; . . . owners of suitable land must be encouraged to enable builders to get on with the job by every suitable means' (S11/160 para 3.25).

On this the London Boroughs of Brent and Hounslow commented; 'While the intentions expressed in this paragraph are sound, the means by which they are to be achieved are not specified. If owners of suitable land do not enable builders to get on with the job, are the GLC and the London Boroughs required to secure the development of such land through the use of compulsory purchase orders? If so, it would be appropriate to say so openly, so that the owners of such land — and the Government — are made fully aware of the Plan's intentions . . . this paragraph raises more questions than it answers' (S30/5 page 23).

Eversley, asked this question, admitted; **'We, as a local authority cannot force people except by compulsory acquisition . . . and I have reason to believe my Council would not wish to do this, so the answer is the pure admonition of this paragraph, and on present evidence, we are very unhappy about the lack of response to that admonition'** (T230/20).

'Idle' Land

This is not the only field in which the GLC is unwilling to use even its existing powers in ways which might offend the owners of land. The targets envisaged that two-thirds of the new housing required would be provided by local authorities. The total actually achieved in the period 1966-71 was 71%. But the ability of local authorities to maintain this proportion depends on the overspill arrangements they are able to make with the outer boroughs. As the inner London boroughs lack finance and land, the (largely Conservative) outer boroughs must make a contribution by allowing the inner boroughs to nominate to their housing, or by allowing the inner boroughs, or the GLC, to build estates within the limits of the outer boroughs. The outer boroughs are notoriously unwilling to do this, and the Conservative majority at County Hall has not been energetic in putting pressure on them to do so; nor has the situation been helped by the GLC's handover of its own housing stock to the boroughs, as required by the London Government Act of 1963.

At the enquiry, the GLC was asked what it could do to secure cooperation on this from the outer boroughs. 'I think' said Grigson, the chief GLC Housing spokesman, 'there is only persuasive and propaganda action.'

Legally, however, this is not true, as the GLC does have, with the consent of the Minister, powers of compulsory purchase in the outer boroughs, but to date whese powers have never been used. The reason was admitted in the following exchange; **'You have powers under the Act to acquire compulsorily if you wish'**, said a member of the panel, **'but you do not do it, primarily because you do not wish to upset the boroughs concerned?' 'That is primarily the reason, yes,'** was the reply (T37/66). Or as Collins put it, **'The Council is not desirous of using these powers except in collaboration or understanding with the outer London boroughs'** (T99/17).

These political factors reinforce the high price of land in reducing the amount available for public authority building. This in its turn has an adverse effect on densities in new developments.

It was Eversley himself who pointed out one of the most dangerous consequences of this situation. **'Even before we can convince ourselves on theoretical grounds that by 1990 the Ronan Points of this world will be considered substandard, we have obligations to people not in 1990 but in 1970, and between now and 1980 the only possibility is to continue to build at high densities, large high densities, though not necessarily at high rise'** (T174/39 & 42).

The same dilemma was described more pointedly in Eversley's New Society article:'Given that resources are short, for whom do we build a scheme like the docklands? If we aim at the standards of the year 2020 (in terms of real income, space requirements, leisure habits) we shall get lower densities, higher costs, fewer buildings as quickly as possible, to clear the backlog of the queues of homeless, we shall build flats that will be despised slums less than halfway through their lives.'

There is of course, a far more fundamental objection to the policy and the whole method which underlies the treatment of the housing problem in the GLDP.

The planners' targets appear to assume that housing objectives would be met by a quantitative elimination of the crude overall shortage of housing defined by minimum criteria. We have already seen the inadequacy of the planners' efforts even in their own terms. But as the observer points out, **'the problems are not ones of sheer quantity alone, but of distribution and effective availability of housing. (It is an obvious point, for example, that the 60-70,000 households with more than 1½ persons per room in Greater London in 1966 were overcrowded because suitable housing was not effectively within their reach, not because of any absolute shortage of homes sufficiently large for them.)** Questions of housing distribution and effective availability are therefore of central concern to planning 'strategy'. It is striking, again, that the Plan has little to say about them . . .' (B600 para 11. Paper submitted by John Westergaard).

Even if the housing targets are met, therefore, it is extremely unlikely that the dwellings available will be within the reach of those whose need constitutes the problem. There are in fact two ways in which this could be ensured. The first, and in the light of experience and the facts of market life, the only possible way, is through the provision of subsidised housing by local authorities. Even in the past, when local authority housing was provided as a social service, its effectiveness in providing housing for those most in need was less than it might have been.

The Outer Boroughs

The consequences of the Housing Finance Act, dealt with in greater detail elsewhere, will have the effect of totally abolishing the ability of the public sector to cater for those in greatest need.

Miss Adela Nevitt, a contributor to the Milner Holland Commission Report, and a former member of the London Rent Assessment Panel, pointed this out when she told the inquiry panel that the 'fair rent' for a new 3-bedroomed house in the Outer Boroughs would be £14-18 and in her view; **'a lot of families . . . will simply say 'we can't afford that type of rent' — even with the rent rebate scheme fully explained to them. They have difficulty at present, let us say, paying a £4 or £5 rent and . . . I think there will be a great many refusals by families in the inner boroughs whom we may want to move out.'** (T234/64)

If the contribution of the public sector, though considerable in the past, is less likely to be within the reach of those in need in the future, **'Private sector building, on the other hand'**, as Westergaard points out, **'has made virtually no direct contribution** (though privately undertaken rehabilitation is presumably intended to do so). Since housing in that sector has been built only for owner-occupation, or occasionally to let at 'luxury' rents, it can have helped to meet housing needs in the main only by a 'filtering' process. The effectiveness of that process is very much open to doubt. The chain of household moves on which it relies may well produce a much smaller amount of adequate accommodation at the tail end — for those in need — than was originally added to the stock at the top end; and the chain process itself is likely to add to costs, prices, and rents — as well as to delays in meeting needs. The morality of relying on a 'filtering' process must in any case be a matter of controversy. Its premise is that those who have least shall continue to have least. Effective public provision of housing can remove housing from that range of conditions within which inequalities stemming from socio-economic conditions are operative. **Reliance on 'filtering' can never do that; it is designed to perpetuate a hierarchy of housing conditions corresponding to the hierarchy of income, wealth, influence and opportunity in society at large.'** (B600 para 12).

The fact that building new housing can only help the homeless and ill-housed if it is available to them at rents they can afford is, one would have thought, a consideration so obvious as scarcely to need a mention. But as we have seen, it appears to be almost totally absent from the minds of those charged with the planning of London's future. We can only conclude that this is because they are not prepared to challenge the priorities which follow from private ownership and development of land; the very institutional structure which has created the problem in the first place.

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'Who builds what, where and when? . . . the private owners of land, in accordance with no other considerations than their own profit.'

Land Prices, Profits and the GLDP

The extent to which local authorities, so far from controlling and channelling market forces in the public interest, in fact act as their transmission belt, is most clearly shown by returning from housing to the other 'target' of the GLDP: the offering of encouragement to industry and commerce.

Dr. Stone, head of the GLC's Strategic Investment and Evaluation Division, was asked by the panel, in cross-examination in November 1970, if he thought a fall in population and economic activity would not make the situation easier by reducing the pressure on land prices. He replied that this was not necessarily so, as 'If the population and activity fall, then the private investors would tend to reduce their rate of investment and the small savings to the public authorities through lower land prices would probably not be compensated for by this lack of private interest in urban renewal under present financial provisions. This loss of economic activity and population leads also to an undermining of public revenue . . . We must not regard this as a plea to overcrowd London in order to get higher rateable values, but we want to maintain sufficient population to man the activities and to obtain an adequate level of private income.' (T16/47-48).

The Vexed Question of Rates

The suspicious vigour of Stone's denial on the question of rates is undermined by another official statement, this time in the GLC's proof of evidence on general strategy (E111/1) in May 1971;

'Under the present and any foreseeable future system of finance, the ability of both local authorities and private investors to undertake the necessary work depends on the level of incomes of the London population, though some central government aid is available for certain classes of projects' (para 1.40). The GLC claims that because the cost of public services does not necessarily fall with any fall in population, if the population declines 'Rates per head must rise if standards are to be maintained, and to that extent, average disposable incomes will fall for London residents' (para 1.18).

The real reason for this unwillingness to raise the rates to compensate for any fall in the total rateable value is most unlikely to be the effect on average disposable household income, which has been estimated at 'less than one per cent'. (Surveyor 12.5.72 p38). Eversley himself admitted before the panel that 'in money terms the incidence of the higher per capita costs is not very great' (T174/54).

Why then was the argument introduced? A partial reason might well be the political unacceptability of rate increases, especially to the majority (Conservative) party and its voters. As Eversley pointed out in an article he wrote **after** leaving the GLC, **'The higher rates might not be a higher proportion of people's and firms' total income. But it is politically unpopular to raise rate poundage annually.'** (in Urban Studies October 1972, pp363-4)

This 'don't kill the goose that lays the golden rates' argument does of course amount to 'a plea to overcrowd London in order to get high rateable values.' But a more important consideration was revealed by the GLC in the revised version of the Written Statement published in February 1972. In the event of too rapid a decline in population, **'there might soon be insufficient incentive for private investors to put capital into the improvement and redevelopment of obsolete property or the development of new stock, whether industrial, commercial, or residential, with a consequential decline in the quality of London's environment and amenities, the spread of dereliction, and further decline in private housing'** (AS 11/160, para 3.18).

The Last Minute Introduction

This amounts to a near-open admission of the stranglehold of landowners and property developers over London's future. **It is therefore a matter of some interest to note that it was only introduced at the last minute,** when no further public objections to it could be laid before the panel. The GLC's original arguments in support of its strategy were, as we have seen, that many goods and services were more efficiently produced in London than elsewhere, and that out-migration was leading to social polarisation in the city centre.

Eversley introduced the question of income, with its twin conclusions on rising rates and falling 'incentive' in June 1971. He admitted that these points had not been mentioned before, but claimed; **'It is only as the result of intense research work which has been done by the Council in the last two or three years that we can put into words thoughts which I think I can fairly claim underlay the Plan conceptually but which could not then in 1969 be precisely formulated'** (T117/12).

'Be that as it may' commented the Surveyor (12.5.72), **'the fact remains that the argument is a new one, and as such was not subject to formal objections.** The GLC may fairly claim in their revised version of the Written Statement that 'the revisions do not affect the plan's basic policies' . . . but the diagnosis upon which those policies are based has altered fundamentally, and as yet the public have had no opportunity to question it.'

Had such an opportunity been granted, the public might well have expressed concern at the fact that what 'underlay the plan conceptually' was, denials notwithstanding, 'a plea to overcrowd London in order to get high rateable values' and the need at all costs to assure 'sufficient incentive' to property developers to continue their beneficient influence upon 'the quality of London's environment and amenities.'

Times have not changed much therefore, since the days when Joe Levy found the LCC a 'fourth estate agent' in the Euston Centre project. By starting from an acceptance of the sanctity of the developers' profits, the GLDP is led to obscure the role of the consquent inflation in land prices in pricing more and more Londoners out of London, and attempts to bridge the unbridgeable by combining the maintenance of 'incentives' with the solution of the housing problem, as one of its two objectives.

As long therefore as planning authorities accept the system of private ownership and development of land, they cannot escape the dilemma that if London runs down, the developers lose interest in it, and if it expands, the mad escalation in land and house prices must continue. It is not of course within the power of the GLC or the London boroughs to alter that state of affairs. But it is within their power to tell the truth about it, and demand the necessary change. (On the question of transport strategy, to give a more modest example, the GLC made it clear that the aims in the plan which it felt to be necessary, could not be achieved without changes in the law, which it asked the government to enact. On the question of land and housing however, as we have seen, the GLC is unwilling to use even its existing powers.)

'Haslemere Estates have developed right to the edges in Drury Lane opposite houses which have now been added to the statutory list.' *Architects' Journal, 24.1.73.*

Politics and Planning

'It is clear, I think, that in normal, everyday usage politics is to do with the activities of governments or political parties or, somewhat more generally with the sorts of issue that political parties concern themselves with. Politics in this sense is more or less synonymous with party politics. As against this there is a broader conception in which politics pertains to the social structuring of power and its uses.

'The difference here is not simply a matter of definition, of some people agreeing to use the word in one way and others using it differently. There is a strong normative element in the identification of politics with party politics. That is: 'political' issues are ones which are the proper subject for public debates, and political organisations (parties, local or national governments) provide the proper machinery for trying to do something about these issues. . . .

'The broader one's conception of politics, the more aspects of society become (potentially) open to question. This questioning need by no means remain purely academic. If, for example, management-worker relations are conceived of as political, then they are open to dispute and can be changed. To see an issue as political, in other words, is to admit that in this respect the present situation cannot be taken for granted. . . . **It should be clear that, in the broader sense of the term, the drawing of the line between the political and non-political is itself a political act. Furthermore even the politically apathetic are, in a sense, politically active for in this latter sense there is no abdication from politics. At most one can abdicate from the recognition of the political nature of one's action'** (Hindess pp 14-15).

There are few areas in our society where the differences between the two types of politics indicated by Hindess are so clearly apparent as in the area of land and housing. Whilst the two political parties which have alternately governed London certainly have different policies in relation to housing and land use, both have been compelled by 'non-political' forces to modify drastically their plans. Before considering these modifications, however, the two approaches should be considered.

Conservative

'Local authorities ought to get out of housing because they don't know how to run it' (H. Cutler, Chairman of GLC Housing Committee, The Guardian, 2.4.69).

The traditional Conservative view favours owner-occupation and is opposed to public housing. At the local authority level this view favours provision of housing for those who cannot afford to be owner-occupiers through outside agencies, in particular, housing trusts and associations, rather than by direct building by the council.

As the extent of London's housing problem has grown, even Kensington has had to change its attitude. 'Kensington — a borough with some of the worst housing problems in the metropolis — has the lowest proportion of local authority households in the whole of Greater London' remarked Greve in 1971. But now even the entrenched Conservative attitudes of the Council are apparently being reluctantly adapted to some of the social necessities. Not only is yet another survey being carried out in North Kensington, this time Council sponsored, but 379 dwellings are under construction on one site alone in Ladbroke Grove, substantially more than were completed in the whole of 1970.

Although perhaps in some respects an atypical example, a recent study of housing policy in Lambeth, 'The Lambeth Experience', is illuminating. This was traditionally a Labour party borough in the GLC but fell to the Conservatives in the 1968 landslide. The bulk of the Conservative councillors, according to their leader, Bernard Perkins, were committed 'to reducing local authority housing rather than increasing it'. He and the Chairman of the Housing Committee both decided that in the situation of Lambeth, a local authority would have to play a large part in stimulating house-building. The Labour commitment of 1500 completions per annum was raised to 2000, mainly through the addition of 500 units to be built by private enterprise. 'In summary', say the authors of the study, 'the Conservatives decided that housing should be their number one priority and that, for reasons dictated by ideology and the need for additional resources, a wide variety of agencies must be encouraged to join in a joint effort to tackle the problem' (p10).

This problem had already been set out in a document published by the Council, 'Into the Seventies — Lambeth's Housing, a Review of Demand, Supply and Costs' which analysed the GLC surveys and concluded: 'The interpretation of these figures indicates a major problem in urban renewal and improvement which required the marshalling of every available resource.' After a number of interviews with private housebuilders, the study concluded that private enterprise was unlikely to make its expected contribution, for various reasons, of which the most important was that the profit would not be high enough. On the public side, the Conservatives had given a pledge not to raise rates so that almost the whole cost fell either on council rents, which rose from between 40% and 80% over the period, and on the increasing deficit, which doubled in three years. 'Such a growth', the authors remark, 'could not have continued' (The Lambeth Experience). This is both true of the deficit and the rents which by 1970-71 were amongst the highest in London.

Lambeth is to a certain degree a special case, indeed the authors of the study see it as 'one of the most important pressure groups in the last few years working for change' in the field of housing. Their conclusion, however, is that **'By showing the scope and limitations of an attempt by a vigorous local authority to solve its problems with the resources and agencies to which it has access, Lambeth has enabled us to see with even greater clarity the need for further public intervention'** (p37) — hardly in line with the general Conservative policy.

Labour

The traditional Labour policy is that the provision of all housing should be through local authorities or owner-occupation, although the latter should not receive all the tax benefits that currently accrue to it. This view has been somewhat modified in recent years, to include, although often under somewhat grudging sufferance, the activities of housing trusts, etc.

In London it is worth remarking that several Labour boroughs, at least in the past, have acquired a reputation for secretiveness and paternalism (cf Ferris p25) which appears somewhat alien to the expressed ideals of socialism. Certainly these charges are currently being laid at the door of Southwark, for example.

There can be few figures more detested in the Labour Party than the property developer. Yet Camden, the last London borough to hold out against the implementation of the Housing Finance Act, is forced into an alliance with Stock Conversion (as we have already described in the section on public housing), and Southwark, a borough with 68 out of 70 Labour members, is powerless to ensure that the dire housing needs of the borough have any place in the largest area to become available for many years.

The real political significance of the effect of a change of party should not, however, be over emphasised. Not only are the members of each political party circumscribed by the conditions in which they have to work, i.e. by market forces, but also by the permanent staff of the various authorities, both their own and those of other groups with whom they have to work.

The Planners

Foremost amongst these are the planners. **'His whole training, his traditional ideology, make him believe that it is a change in the physical environment which creates health, happiness and communities'** writes David Eversley, Chief Planner at the GLC for two years. **'He is brought up on one hand preoccupied with hygiene, whitewash and drains. Secondly he is paternalistic. He knows what is best for the masses. . . . The planner automatically assumes that what he is doing is too difficult to understand, the direct involvement of a lay community (let alone a disadvantaged one) in the process is quite foreign to a Royal Town Planning Institute Member'** (New Society 5.10.72).

It is obvious that in terms of politics as pertaining to 'the social structuring of power and its uses' (Hindess p15), both the refusal to consider social factors and the elitist approach to the people affected by planning, which Eversley remarks, will be in favour of the status quo. It is also obvious that planning decisions will be affected by the political (in party terms) outlook of the planner. This can perhaps best be demonstrated by considering the actions of the Planning Team at Covent Garden, a particularly well documented case owing to the fact that the Planning Team split and through this split many documents, not ordinarily available to the public, became available.

The objectives in the initial brief were set out in the 1968 Draft Plan and were as follows:

a. The incorporation of a complex of uses to create a vigorous and interesting environment by day and by night both as a place to live and as a centre for entertainment and cultural activities.

b. A substantial increase in residential accommodation.

c. The provision of a new public open space in addition to amenity open space within individual sites.

d. The easing of congestion in Central London, in particular by the avoidance of major employment generators and major traffic generators.

e. Separate, but integrated systems for pedestrians and vehicular movement, co-ordination with public transport and provision for car parking.

f. The integration of new development with the existing uses and some provision for the retention of suitable mixed uses which are appropriate for the area's special location and character.

g. The retention of those groups of buildings, including buildings of architectural and historic importance, which contribute substantially to the variety and character of the area and are the physical embodiment of its past history.

The essential qualification, however, was 'the need for **economical** solutions and the accommodation of **remunerative** uses to the maximum compatible with the basic objectives'. In fact what happened was that the basic objectives tended to be accommodated to the 'economical' solutions; for instance, the amount of public open space was reduced from four acres to about 2¾ acres over the 1968-1971 period. This is hardly surprising when a senior valuer on the planning team submitted a paper to the Development Committee in 1968 which included the following ideas:

'The precise form of development for the development site needs to be guided by the developer who is accustomed to sites of this order . . . He (the developer) is more in touch with the type of occupant needed in this area than the Council . . . Remembering that development of a large Covent Garden site will involve many millions of pounds this quite simply means that only the large concerns will be involved . . . In my view the Head of such a concern is interested solely in the balance sheet of profitability and it is precisely on that score that there is an opportunity to establish a formula for selection of developers.'

Two years later the team's valuer was writing 'Having made its investment by acquisition of the area, certain advantages accrue to the authority. By unification of several land parcels it releases that latent potential value of the site. Because of other investments (roads and sewers, etc.) the land values may be further increased. **On the other hand, provision of non-remunerative community projects has the opposite effect on recoupment value.'**

In line with these views the chairman of the Covent Garden Joint Development Committee held many meetings with potential developers, all major companies. Amongst the possible ideas discussed were either dividing the area up into £25 million parcels or turning the whole £150million scheme over to one developer.

Public Non-Participation

Very different from this close relationship with the developers was the consultation with the public. One dissident planner summed up the situation as follows: 'All our time was being spent on working out implementable procedures for a scheme that had not even been discussed at a single public meeting. No resident groups were formed, no small business associations, no artistic groups. Our files were overflowing with records of meetings with the largest developers around, none of whom had any direct interest in the area except for a smell of profit.'

It is true that the GLC organised an exhibition to coincide with the publication of the Draft Plan (costing £2). It is also true that comments were invited from the public at the exhibition. The dissident member's comment is terse: **'None of these comments affected the future definition of the plan one iota.'** Public 'participation' was only tolerated where it could be ignored. In August 1970, the Chief Planner admitted that contact 'with local societies and associations' in the area was non-existent and welcomed a proposal to assemble a number of associations. This brought a letter from Mr. Richard Brew, Chairman of the Planning Committee, which is worth quoting at length:

'Mr. Cubitt has brought to my notice a letter you have written recently . . . saying that you would be pleased if local residents' associations were formed in the various areas of Covent Garden. **I, personally, do not agree with this as from past experience I find that these pressure groups lead to a lot more trouble than they are worth.** By this, I don't mean that one does not want to have as full as possible public consultation. I think therefore we should back-pedal on this idea'. The idea was duly back-pedalled.

The truth of the matter in Covent Garden was that the planning group were the servants of the economic rather than the social forces involved. In political terms they were on the side of the economic forces against the residents of the area. The dissenters were in fact sacked.

No doubt, the planners would argue that they were forced to adopt this attitude by the high price of land. But this high price was, to a large extent, created by their actions. If they had determined to place low cost housing first, vast amounts of money would not have been attracted into the area and

Photographed by Jim Monohan

'Planning'

land values would have been much lower, to the benefit of the lower-income members of the community, but not to the benefit of the big developer.

The latest developments at Covent Garden indicate that, at least partly, the decisions have passed back into the formal political arena. The GLC is to be given the go-ahead on the Comprehensive Development plans with, however, a number of important changes. 'This ambiguous decision by Rippon', comments the Sunday Times (14.1.73) 'largely stems from one cause, the GLC elections next April. **So pressing is the desire of Government Ministers to do nothing that might injure the Conservatives' chances in the elections, that a straightforward rejection of the scheme was ruled out last year by Mr. John Peyton, the Minister of Transport in the Department of the Environment, who then also had the subsidiary job of overseeing London affairs. Peyton held that the Conservative leader of the GLC, Sir Desmond Plummer had committed too much prestige to the scheme to permit its failing'.** If this comment is correct it clearly shows the sort of politics we have, where one man's 'prestige' is of more importance than the homes of 2,500 people and the fate of a large part of the centre of London.

Perhaps the most lucid comments on the political aspects of planning were produced by Tevor Williams and James Anderson who, after doing a considerable amount of research for Westminster City Council, were invited to comment on it by the Council. The report 'Living in Central London: a Survey of Housing, Population and Employment' was eventually published in 1972 at the modest price of £3.

Their comment was:
'The myth that social scientists are engaged in ethically neutral, dispassionate research continues to be perpetuated — and not least by planners, who, for various reasons, like to be seen as the objective servants of their political masters. But in reality, is trend planning any more 'objective' than normative planning? The latter assumes that a particular goal (a level of population, a particular spatial form), is desirable, and sets out a programme for its achievement. Value judgements are explicitly involved in such planning. Trend planning, on the other hand, involves no more than the extrapolation of present trends into the future, and they become the plan objectives. There are no explicit value judgements in this kind of planning, which is perhaps why it is so much more widely practised than normative planning . . . It can be represented as objective and policies can appear to follow from the facts. But implicitly, there is an obvious value judgement in accepting the desirability of the trend. The facts never speak for themselves; they have to be interpreted and in that process, value judgements are inevitable. We cannot escape from them in any kind of social research. The least we can do is to make them explicit. **But making things explicit is precisely what planners dare not do. To do so would make the ideological bias of planning all too clear'.**

The conclusions and recommendations of Williams and Anderson were censored out of the report by the senior planners of Westminster City Council.

The Barnsbury Scandal

The relationships between formal and informal politics is also clearly shown by the case of Barnsbury, a district in the south west of the borough of Islington, just to the north of King's Cross. After the Second World War, Barnsbury was a semi-slum area. Much was done by the LCC and Islington Borough in the provision of council flats, but by 1957 there was still a large proportion of privately rented accommodation. The Conservative 1957 Rent Act brought great pressure on tenants in this type of accommodation, which was particularly aided by the Church Commissioner's action in disposing of 36,000 of their 40,000 investment properties. The new landlords, eager to make a quick return by getting rid of the tenants and selling with vacant possession, often used extremely dubious and now illegal methods of obtaining this possession. The upshot was that many properties became available for owner occupation.

The Middle Class Invasion

In Barnsbury the change in type of resident really began in about 1960, and between 1961 and 1966 the number of residents in professional and managerial occupations had doubled. In 1964, the Barnsbury Association, a group of young middle-class, mainly professional, people was formed specifically to object to a compulsory purchase order which the Council intended to make on Bewdley Street, in the centre of the area where many of the people had bought houses.

A founder member of the Association, Mr. Pring, was quoted by the Islington Gazette (11.8.64) as saying, **'present membership of the Association is confined to young professional people who have bought old properties ripe for improvement. Many of them live outside Islington but plan to move after repair.'** Certainly the Association attracted a very considerable battery of talent including architects, a town planner, a barrister and even a prominent journalist.

By 1965, its original, narrow preservationist stance had given way to 'a wider progressive' planning ideology' (Ferris p35). This 'progressive' policy was particularly based on the belief that the problems of planning were physical and that the solutions were also physical. Ferris sums it up as follows: **'The civic amenity movement, like the Royal Town Planning Institute, has tended to view town planning as a politically neutral activity, the problems were assumed by them to be self-evident to all men of intelligence and goodwill and that the remedies proposed would in general benefit the entire community. The notion that genuine conflicts of interest between individuals and groups could exist simply did not arise, or if it did, was ignored'** (Ferris p15). It would be difficult to find a more perfect example of what Hindess calls the abdication 'from the recognition of the political nature of one's actions' (Hindess p15).

The only active opposition the Barnsbury Association met in its early years was a petition from 76 tenants of the proposed Bewdley Street development area supporting the LCC plans, since they felt that the Association's action in opposing the CPO would deprive them of better housing.

At first the Barnsbury Association took their question seriously and a Housing Action Group was formed by them. In March 1966, however, this disappeared. The reason for this was that the ideas behind it 'were regarded as 'political' and therefore outside the Association's frame of reference' (Ferris p36). It was felt that the Chairman was using the Association 'to publicise certain left-wing views regarding the nature of social problems in Islington, and this was not acceptable' (Ferris p36).

With its professional expertise, however, the Barnsbury Association won considerable victories. Despite the Minister of Housing's confirmation of the CPO on Bewdley Street, he asked that the GLC and Islington Borough Council cooperate with the Ministry in studying how to create in Barnsbury an environmental area, which the Association had been pressing for, and also he suggested that the study team should consult with the Barnsbury Association.

All this was against the opposition of the Islington BC and when the Study Team's interim report was published in heavily cut form the Association was able to get considerable coverage for what it called 'The Barnsbury Scandal'.

'Independent' Councillors

In the 1968 borough election, 'members of the Barnsbury Association . . . were able to persuade the Conservatives and Liberals not to enter candidates for election in Barnsbury Ward' (Ferris p27) and the anti-labour swing, which brought the Conservatives to power in Islington, took the Barnsbury Association 'Independents' with it. The Barnsbury Association members played a strong role in the essentially inexperienced Conservative Council and after the publication of the Barnsbury Report in 1968, they used strong pressure to ensure that the Barnsbury Traffic Scheme, including tree-planting and road narrowing to cut down through traffic on certain routes, was implemented. This was, to a degree, opposed by the GLC, who felt that the traffic would merely be forced on to other roads nearby, lowering the environmental amenities in the surrounding area.

When a public meeting was called in February 1970 by the Islington Borough Council to explain the scheme, it met with considerable resistance. This developed shortly afterwards into the foundation of the Barnsbury Action Group which was thoroughly opposed to the scheme. The group was basically an alliance between local shopkeepers, working-class tenants and some middle-class 'immigrants' opposed to the concept of Barnsbury as an urban village.

The Friends Neighbourhood House, which had a Housing Advice Centre in the centre of the area, was becoming particularly disturbed by the pressure on tenants subjected to different forms of harassment, and provided a centre where the Action Group could meet. The feeling of one of the founders was that of concern that the Council was spending considerable sums on the environment when many people in the area were suffering from a lack of basic amenities. The style of the group was very informal and local people were encouraged to voice their opinions. People already active in politics were in fact generally asked not to join so that people who had very little experience or were somewhat inarticulate could put their problems.

Attempts were made by the Action Group to interest the major political parties in their view point. The Conservatives, with whom the Barnsbury Association were now somewhat identified, refused to meet the Action Group, but discussions with the Labour councillors led the Action Group to refrain from running candidates at the Islington elections in 1971, where the Labour party was re-elected on a very high poll. By this time, however, the economic juggernaut of 'gentrification' was going full out in the area. A recent survey has indicated that some 60% of the residential property in Barnsbury has been 'converted', with results we indicate in detailed form in our section on the economic consequences of 'gentrification'.

'A Chicken Ripe for the Plucking'

The major political points of interest in the Barnsbury affair are firstly the power obtained by the highly articulate professionalism of the Barnsbury Association — described by Ferris as a Positive-Aggressive participation 'in that they attacked the policies being applied by the local authorities and proposed a positive alternative' (p86). Although the Association paid lip-service to housing, its aims were primarily concerned with improving the local environment. Its actual effects on working-class tenants were catastrophic. In February 1970, the month of the public meeting on Barnsbury, the London Property Newsletter, circulated privately to estate agents and property speculators, described Barnsbury in a street-by-street analysis, as a 'chicken ripe for the plucking'. Another factor in the 'gentrification' of the Barnsbury area has been the Barnsbury Housing Association with strong connections with the Barnsbury Association. This group has been active in carrying out two of the Barnsbury Association's declared objectives:

a. To preserve buildings deemed by them to be of architectural merit.

b. To provide homes in Barnsbury for 'middle-income people'. Their economic rents are about £12 per week, well above what people on the council housing list could pay. In these ways the Barnsbury Association and groups around it reinforced the elements making for changes in the area. It is impossible to say how far they would have 'been very successful in shaping the future of the area' (Ferris) if economic forces had not already begun to change the social pattern of the area — indeed the Association would probably not have existed without them.

Ferris makes an important point on the wider implications of Barnsbury:

'Perhaps the most likely political outcome and the most serious in terms of social justice is that certain high class residential areas where there is a vociferous amenity lobby will be protected from the consequences of increased road traffic while lower status areas will not only have to absorb this traffic but also the extra traffic diverted from the higher class areas. There are indications that this may be already happening in Inner London. All the districts that have so far been designated as en-

vironmental areas are high class residential areas with active Amenity Societies. For example in Camden they are in Primrose Hill and Camden Square. Islington has Barnsbury and an embryonic scheme in Canonbury. Pimlico has a more limited traffic scheme. Other proposed areas include Belsize Village in Hampstead, Kentish Town, and Highgate. In the fight to persuade local authorities to make the necessary investment (not only in terms of finance but also in scarce professional resources) in such schemes, aesthetic criteria are increasingly likely to be invoked. In such a climate the range of what is considered worth protecting is expanded ad-infinitum.

What was previously regarded **as run-of-the-mill Victorian speculative housing suddenly acquires new status as a fine example of nineteenth century townscape and domestic architecture. Mainly, it may seem, because it is occupied by a Barrister and his family instead of by half a dozen immigrant families'** (p77).

This would certainly confirm the experience of the Westway Section of the Motorway Box, where working class tenants, despite many promises of rehousing, were left until they organised a thorough protest at the opening of the road.

The failure of the Barnsbury Action Group to protect its working class tenant members from the forces of the market indicates the difficulties of attempting a truly democratic solution in the face of such overwhelming pressures, particularly when these are more than local.

A propos the planners and public participation,it is worth pointing out that an exhibition was arranged as an attempt to involve the wider public (i.e. other than established pressure groups) in 1968. The exhibition was generally accounted a failure by its organisers. Ferris suggests 'One possible explanation is that the planners were obliged to work within the terms of reference laid down by the Minister in December, 1965. The Barnsbury Association had in effect already defined the situation in advance,and their definition had been officially sanctioned,when the planners were asked to find the best way to create an environmental area along the lines suggested by the Buchanan Report. This determined what was considered to be relevant data and set the boundaries for subsequent discussion of the area's problems. As a consequence emphasis has been placed on traffic planning and on ways of protecting what was seen to be a good example of Georgian townscape and architecture. **In this way aesthetic considerations prevailed over other more fundamental considerations of social equity like wide discrepancies in housing standards or who actually benefits from environmental improvement anyway'** (p71).

On housing, to which a section of the exhibition was devoted, Ferris comments 'the proposals simply were not operational in the way that the traffic proposals were, mainly because the crucial question of property ownership was not faced'. Interestingly enough,on the subject of people's comments on the exhibition,the situation appeared to be strongly reminiscent of the Covent Garden cry. **'There is no evidence that their comments really had other than very marginal influence on the final version of the Barnsbury Study Report'** (p72).

Conclusions

In this anti-report we have placed consistent emphasis on housing because we believe that in human terms it is the most important area. This is not to say that the destruction of the physical fabric of London by the developers can be accepted with equanimity. Too often, however, the preservationist lobby has had unconsidered and unforeseen social effects (see for example the section on Barnsbury). We do believe that the physical aspects of the environment should be controlled by the people of London, not by developers' greed. But if this is to be done to the advantage of all, the loudest voice must not always be allowed to prevail.

Political conclusions

It has been noticeable that almost any document we have found of value has been produced, not by local authorities or official sources, but by private people or small organisations, often gravely handicapped by lack of funds. There is, as far as we know, hardly any official document which has evidence of any direct value in determining what is happening to housing in London apart from census figures. Any documents which arrive at 'unsatisfactory' conclusions are censored. It is obvious at the official level that there is also a lack of basic data. The Standing Working Party of the Ministry of Housing in 'London's Housing Needs up to 1974' states: 'The preparation of this report has revealed a lack of information about:

1. The state of the housing stock.
2. The supply of land.
3. The number and nature of vacancies.
4. The characteristics and motives of immigrants.
5. Housing authorities' plans.
6. Private developers' plans and expectations.

. . . This lack of information is one reason why we frequently had to base calculations on rather arbitrary assumptions.'

The following paragraph states:
'A realistic consideration of prospects not only of an adequate supply of housing, but also of all families being adequately housed, would involve the study of the housing market and inter relationships between, for instance, housing conditions and immigration which we have not attempted.' Not only is there a lack of much basic data, but what data is available, e.g. Greve's 'Homelessness in London' is ignored. 'Maybe', comment Williams and Anderson, 'what is really needed is not a sophisticated, and expensive, monitoring programme, but studies of **why** no effective action is taken.' Since the conditions Greve is writing about have changed little, if at all, over the past hundred years, this seems indeed a pertinent question.

The answer to this is obvious: that those people who would benefit by 'effective action' are not strong enough to bring it about. In essence they are excluded from decisions which affect their lives. Public participation — as so far practiced by planning authorities — is just lip service. Any changes the public can make are brought about by a direct challenge, not by the attitudes of planners. The public's only victory has been the postponement of the Piccadilly scheme, a somewhat exceptional case.

Meanwhile on less well-publicised schemes, families are dispossessed, small business are closed and communities broken up to satisfy the greed of a tiny handful. This is aided and abetted by the planners, whose priorities are always economic. **Planning is a political act and for this reason, in a truly democratic society, must be controlled by those who are affected by it — and not solely by the most vocal sections of that group.**

Economic Conclusions

In attempting to understand the failure to cope with the mounting housing crisis in London, it is instructive to look at the various measures so far used which have failed.

At the public level, council building has provided a slowly increasing number and proportion of available dwellings, this increase has not, however, been rapid enough to cope with the fall in accommodation for rent. The main pressure causing this fall is the fact that the accommodation occupied could be put to more lucrative use. For the various reasons cited in the text we believe that councils will find it more and more difficult to provide accommodation at rents the lower income groups can afford.

It should here be pointed out that all the evidence so far collected from the operation of means-tested benefits indicates that the rent rebate scheme will not be taken up by a large proportion of those entitled to it, so the real effect of higher rents will only be mitigated to a minor extent. Also the accommodation that is provided is likely to be of a lower and lower standard.

While the pressure on rented acommodation has greatly increased over the past two years, the problems of councils have also increased, due above all to the same factor, the rise in 'land values'. In a development in Islington, a two bedroom flat will cost £11,734 (Guardian 16.12.71) and this was a year ago. The 600 dwellings that Camden Council is to construct on the Tolmers Square Redevelopment will cost approximately £13,000 each; to cover the interest charges alone will cost £25 per week. Little wonder that the MP for Islington commented; 'If the Government doesn't do something soon, councils in Inner London will not be able to maintain a large housing programme.' Ironically enough Islington's housing programme is already being delayed by the fact that large numbers of homeless families are occupying old houses due for demolition.

The planners' reactions range from impotent wringing of hands to wholehearted cooperation with the forces which are bringing about the crisis. 'The quality of the environment is now entirely in the hands of the developers' consultants', admitted a member of Southwark's planning department.

The various governmental efforts to improve the situation have more often than not rebounded, increasing the crisis. As typical examples, the disastrous 1957 Rent Act and the provision of Improvement Grants have had catastrophic effects. These have been doubled by the refusal of the various Ministers to admit mistakes even when they were patently obvious. Mr Julian Amery's refusal to admit the harmful effects of indiscriminate use of housing grants, and his failure to do anything about it, stands as a recent prime example. The Brown Ban on office building, which was so instrumental in creating the second generation of property millionaires, stands as another monument to ineptitude.

At least attempting to stem the rising tide of homelessness and bad conditions are the voluntary organisations, the housing trusts and the charities. Despite the enormous energy and goodwill which has gone into these organisations, their contribution can best be likened to attempting to empty the Thames with a bucket. The housing trusts, by competing in the same market as the speculators, help to add a further pressure to rising house prices, and their overall contribution is 'no more than marginal in relation to the totality of need' (Greve '71 p240). Many have found their programmes substantially reduced over the past two years. The Notting Hill Housing Trust, for example, only purchased half the number of houses in 1972 that it did in 1971. The situation is the same as at the end of the nineteenth century, which was the last time that philanthropic capitalism attempted to meet the needs of the poor.

It is six years since Shelter was founded: much publicity has been generated, marches held, funds raised and many individuals have received help. Yet the number of 'officially' homeless has continued to grow and on Shelter's own projection will reach 100,000 in eight years time.

Shelter has often made much of its 'political' role but perhaps its real failure is to have remained a solely reformist group. **'Reformism,'** writes Andre Gorz, the radical French economist, **'rejects those objectives and demands — however deep the need for them — which are incompatible with the preservation of the system.'** At least it can be said that Shelter has shown the limits of reformist action.

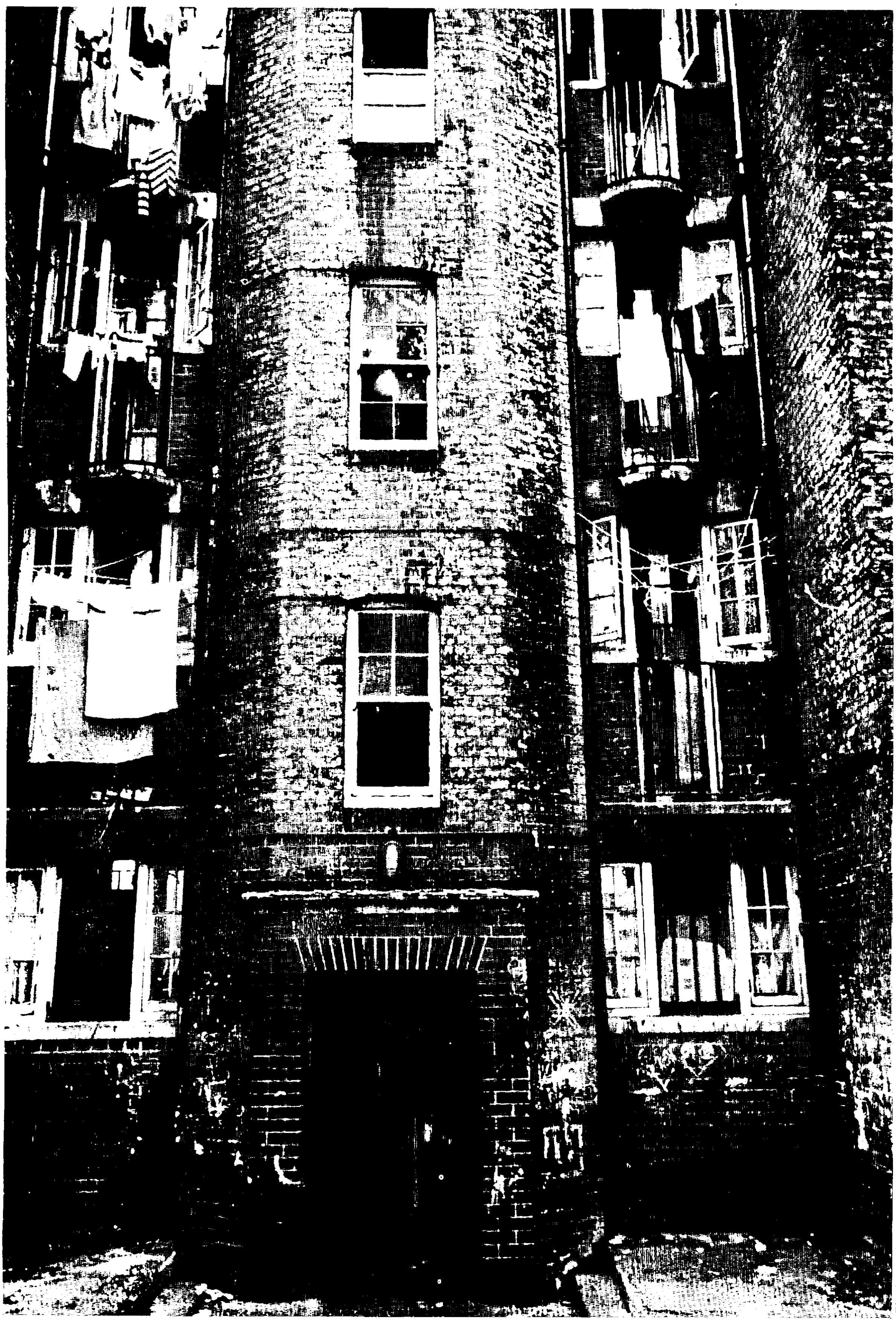
For underlying this and all the other attempts to deal with the housing crisis of the poor, is a failure to confront the facts of our economic and political system. If housing is to be left to the forces of the market there will never be an end to slums, homelessness and the human misery these bring. Housing, like food, is one of the basic necessities of human beings. Until the social needs are given priority over economic pressures the weak will go to the wall.

At the top end of the pile, 100 men have shared over £400 million between them from the property market over the past 20 years. (This is, for example, more than the entire annual wage bill of the National Coal Board.) Yet these are people who provide little or nothing of social value. At the bottom of the pile thousands of people have no home, millions live in foul conditions. Who is holding who to ransom?

'Piccadilly Circus is the biggest challenge of all time. But if the planners and authorities don't come off the fence and talk sense to the developers then I for one will tell them what they can do with any new ideas they put forward . . .

'If the next scheme which comes along from the planners is not viable I will do nothing to help it along. I must put my shareholders first . . .

'If the authorities want to do anything about it then they will have to buy me out at the going rate — and that will cost them a packet.'
(J. Levy, Evening Standard 19.1.73.)



Shelter photograph by George Marshman.

'There is something for every taste in the property field, fixed interest, fixed with equity flavouring, and direct risk capital. There are interests which are in perpetuity or terminal, appreciating and depreciating, high risk speculations and low risk prime securities. For each there are different considerations, and now different tax situations.'
Michael Dunnett, chief surveyor of the Prudential, supplement to Investor's Chronicle, 17.3.67.

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