

***London planning:
agglomeration and rent: are they killing the city
and the country?***

*What are the prospects for London now, as the
world boils, Britain's economy crumbles & Covid
resumes?*

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<http://mas.to/@michaellondon>

#DPULondon

Scope

Context and exposition on London planning & housing: what I can see happening in London/Britain

The concept of agglomeration:

+ and – aspects

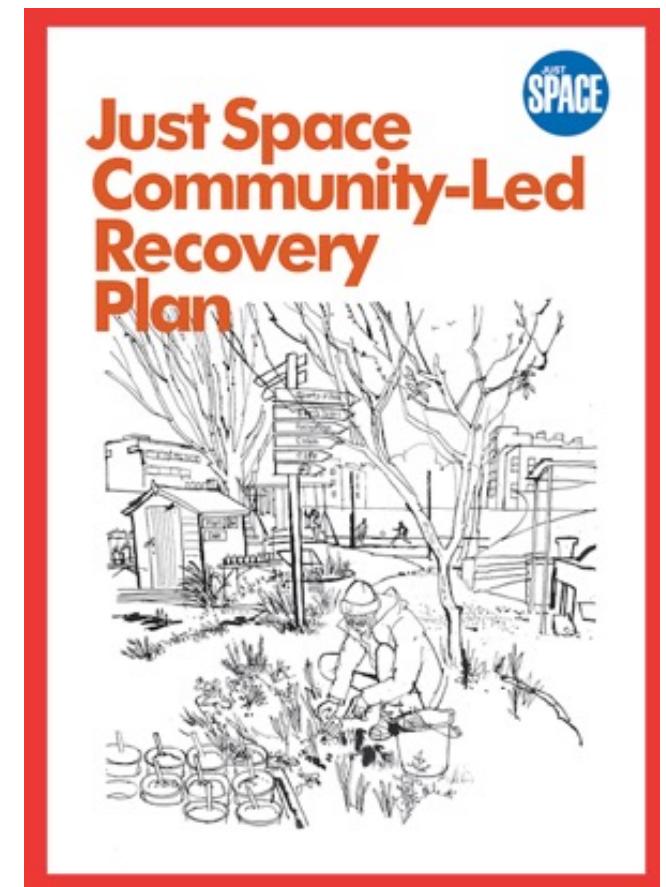
How an optimum could ever be identified & acted upon

interplay with Rent: divergent theorisations

Global warming and biological crises,
Covid & Brexit produce new experiences,
perceptions and crisis.

What are the prospects for challenges?

Just Space community-sourced recovery plan



Agglomeration

Mainstream concept

Larger concentrations of people and business in cities generate economies (cost reductions) for enterprises

- Via proximity to similar firms (gossip, larger labour pools, specialisation)
- Via proximity to complementary firms (better supply chains)
- Support for better infrastructure (airports, universities)

But...

Diseconomies flowing from

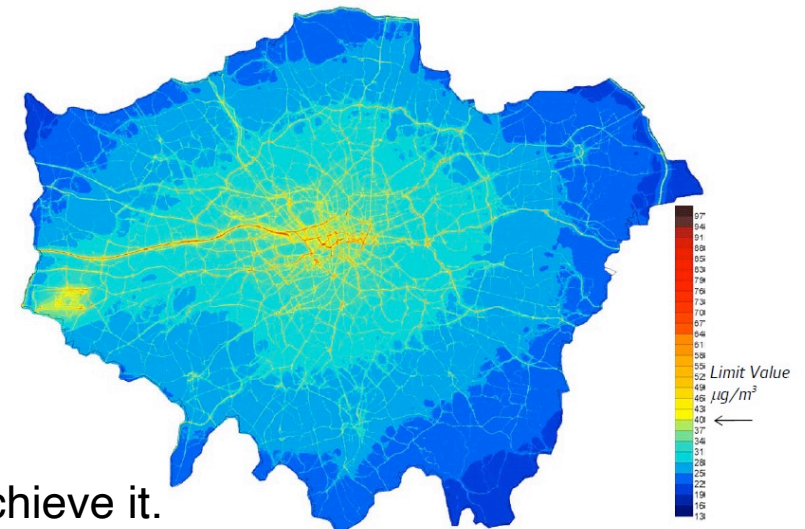
- Congestion and pollution
- Increased travel times/costs
- Rents, displacement, insecurity

Critiques not well-developed;

Incidence is ignored: who gains, who loses?

Optimum can be imagined but no mechanism to achieve it.

[Fragments in geography of uneven development, European Spatial Development Perspective (ESDP), gender studies, equalities]



Rent theory: two schools of thought

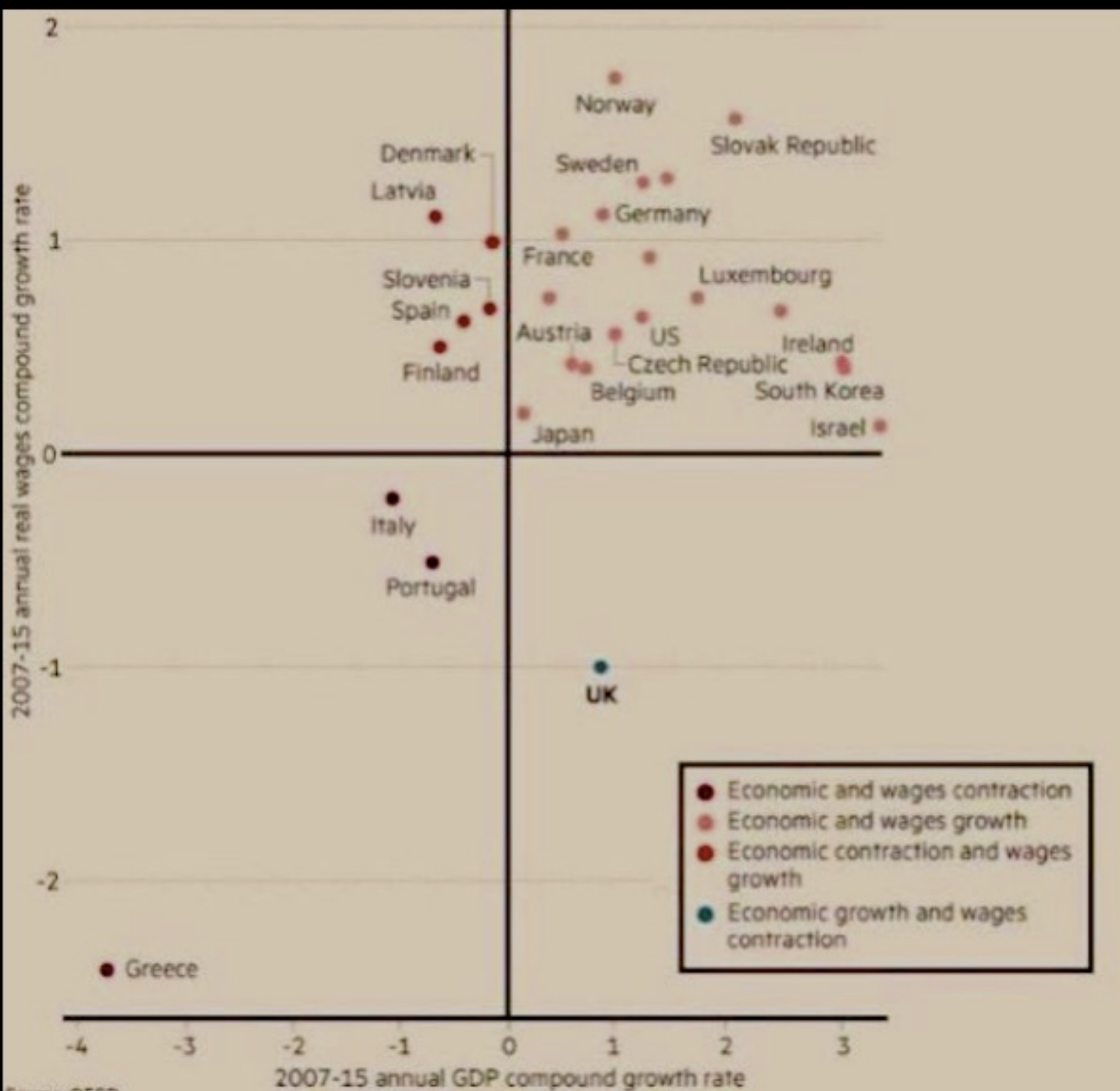
Mainstream: rent and land value issues are seen in simple versions as supply/demand balance problems: if rent/prices are too high “we” must simply build more.

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

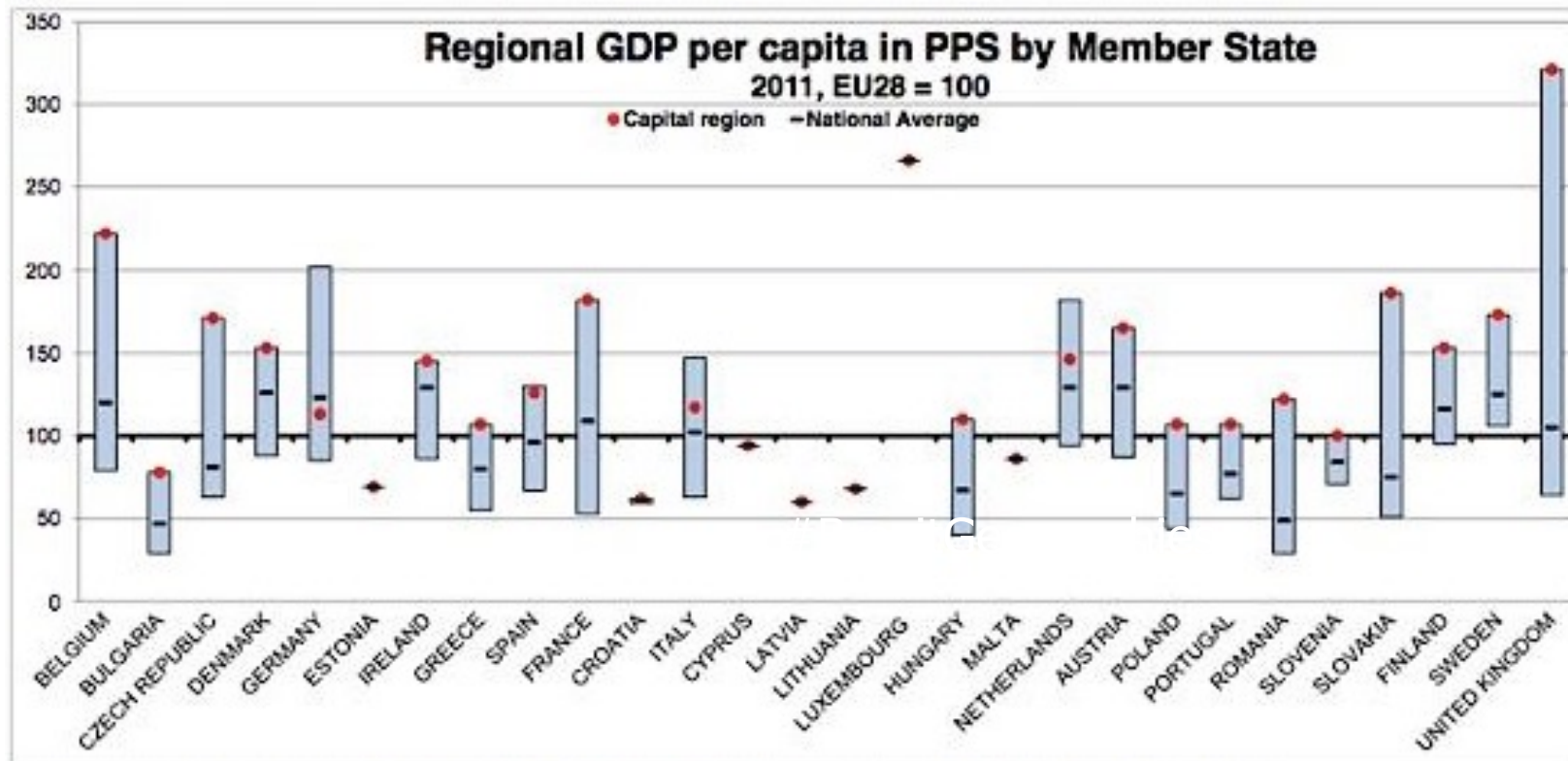
State mainly enters as a **constraint** on demand being met, managing externalities.

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

State constituting & enforcing markets, structuring power relations, unblocking contradictions, doing infrastructure, bearing risks.



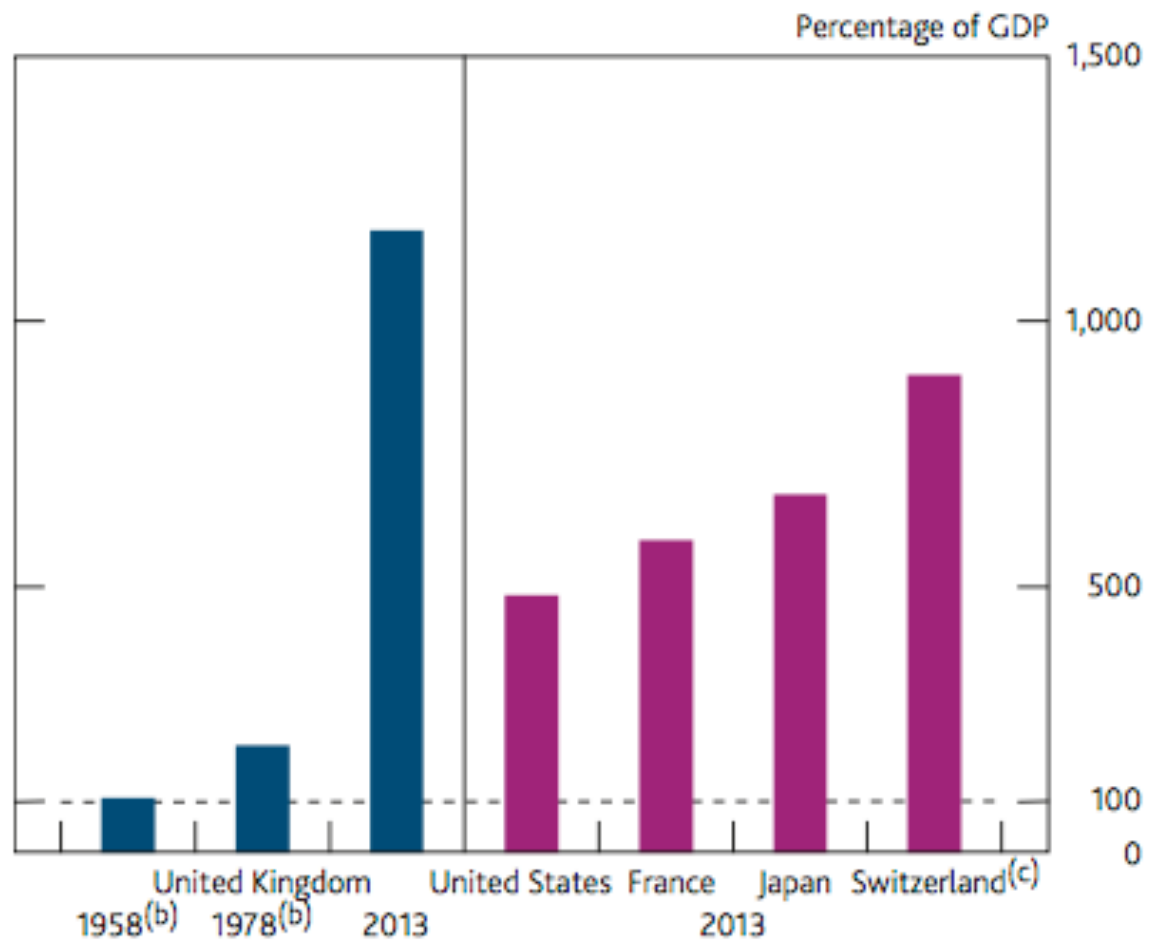
UK in context: the only rich nation state where GDP has grown while wages declined



The bar shows for each Member State the range from the region with the lowest value to that with the highest value.

Slightly misleading because the richest UK region (Inner London West) is under-bounded. But broad picture accurate enough.

Chart 2 The size of financial systems^(a)

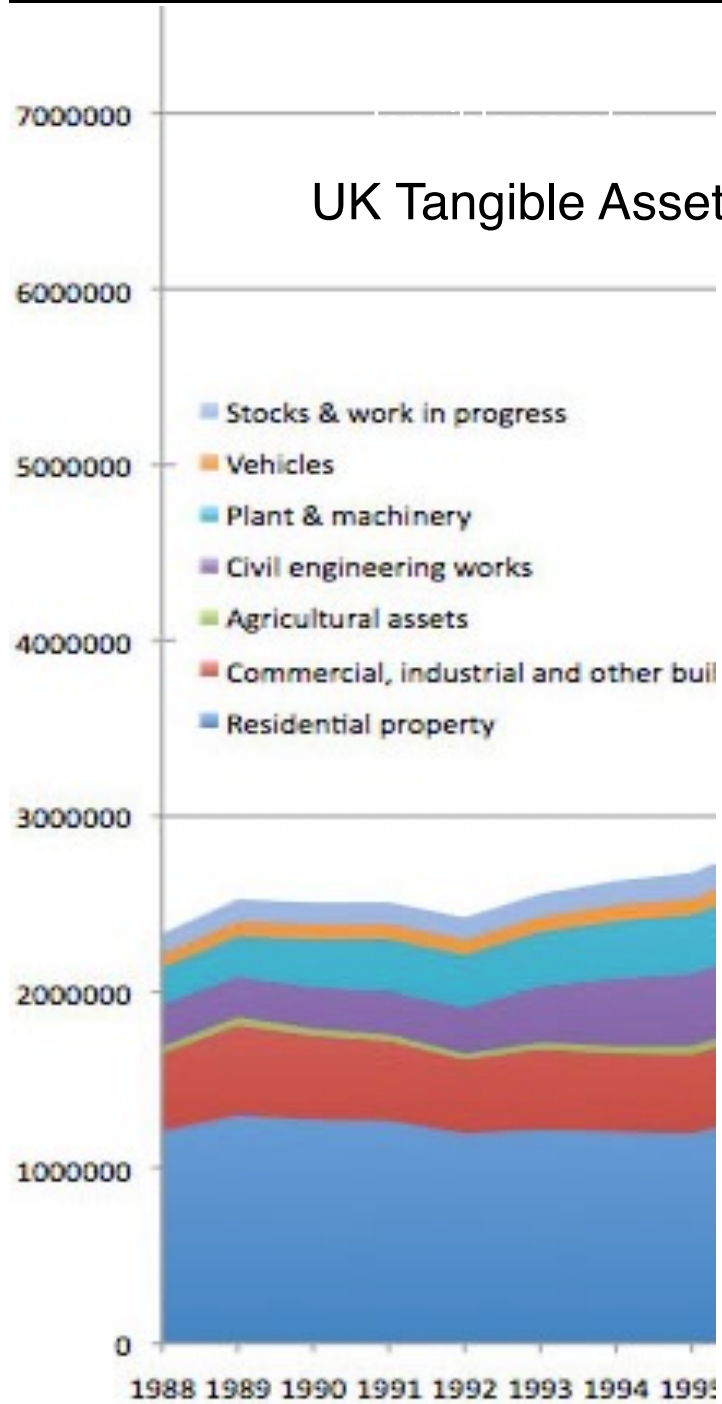


**Size of financial sector
Bank of England**

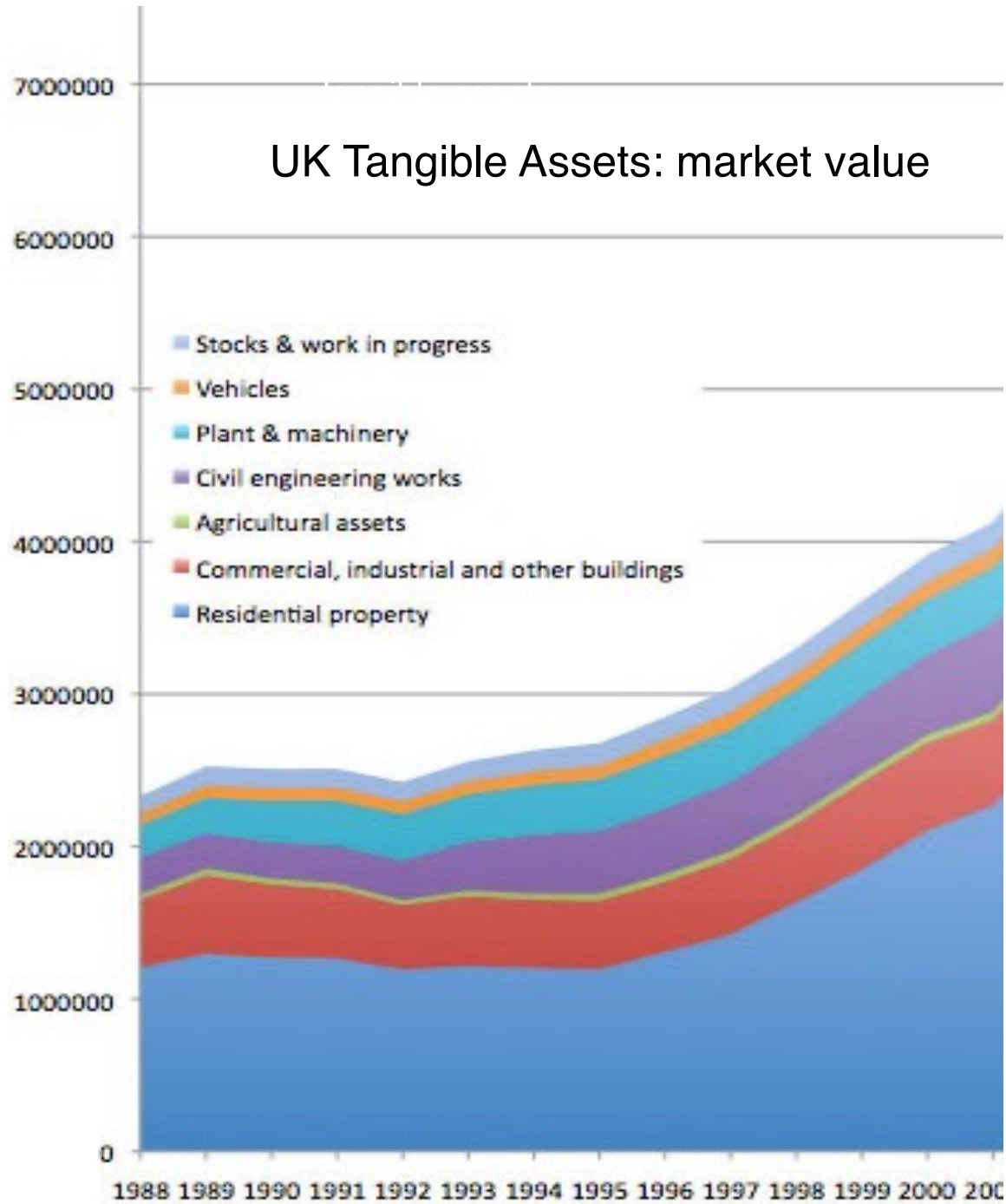
Sources: OECD, ONS, Radcliffe Report (1959), Swiss National Bank, Wilson Report (1980) and Bank calculations.

- (a) 'Financial system' is defined as total assets of the financial corporations sector, measured on an unconsolidated basis, including derivatives.
- (b) For 1958 and 1978, the total assets of the individual subsectors covered in the Radcliffe and Wilson Reports are summed to give an illustrative total for the financial system.
- (c) Data for Switzerland are as of 2012.

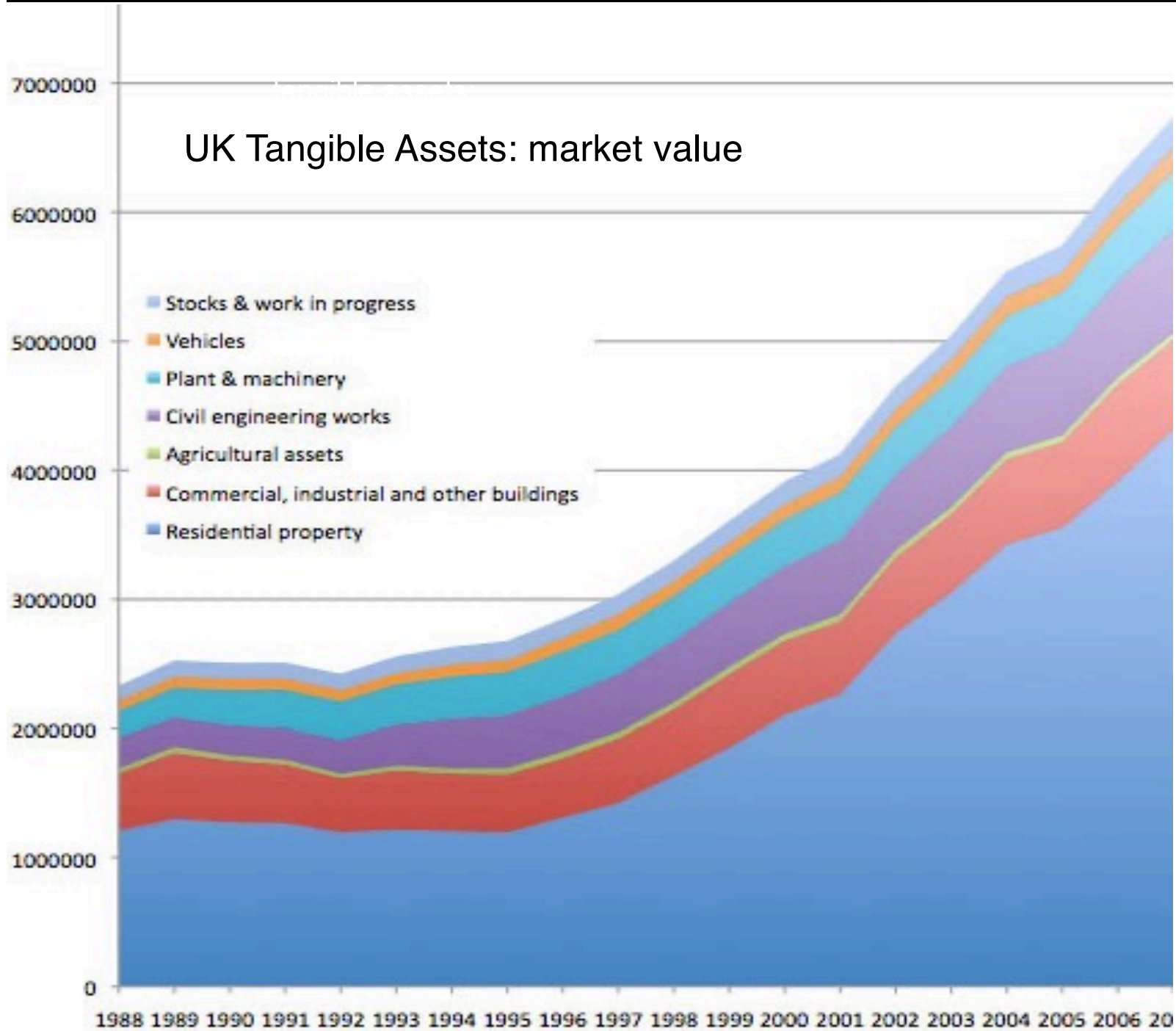
UK Tangible Assets: market value



UK Tangible Assets: market value



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UK Tangible Assets: market value

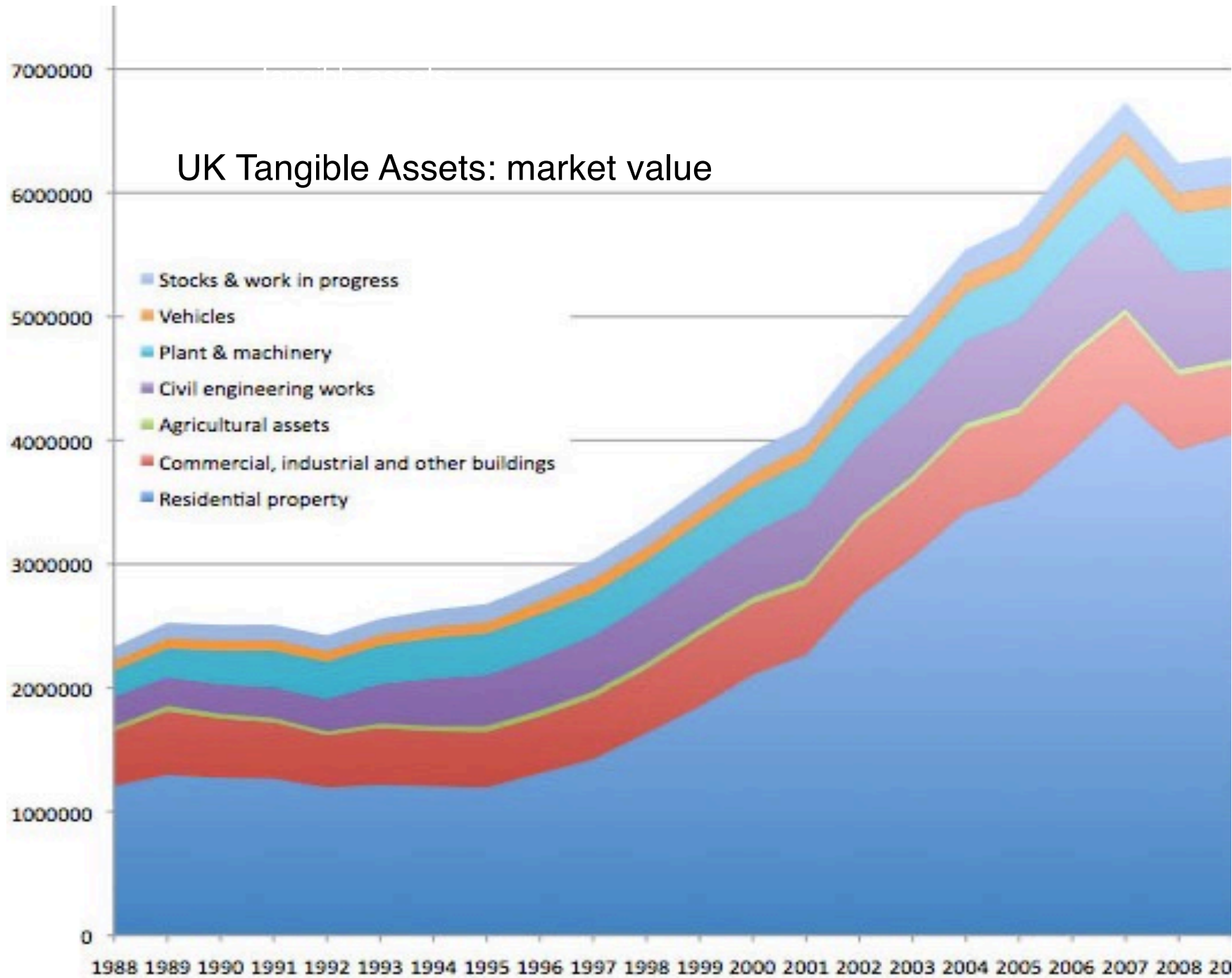
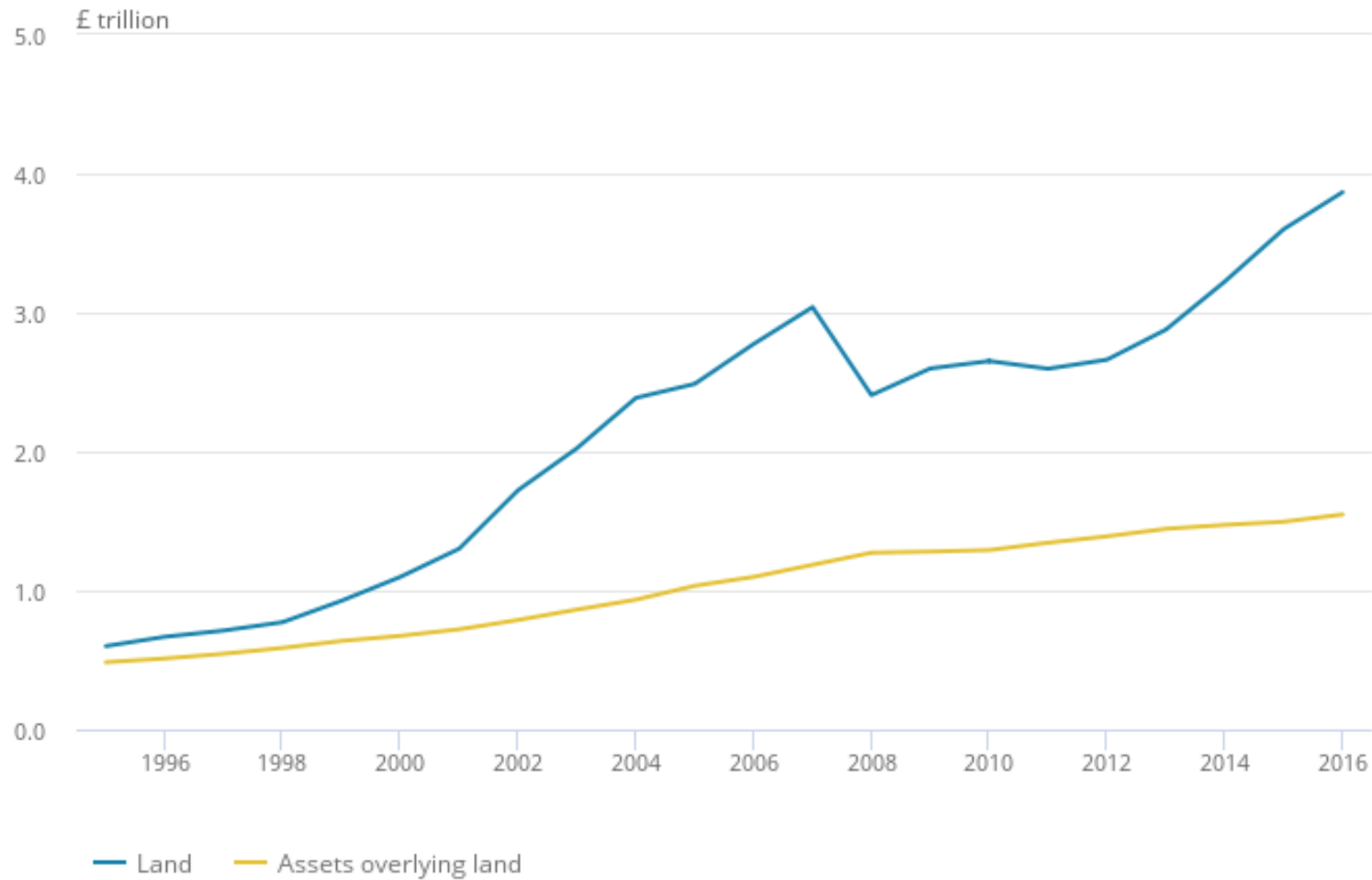
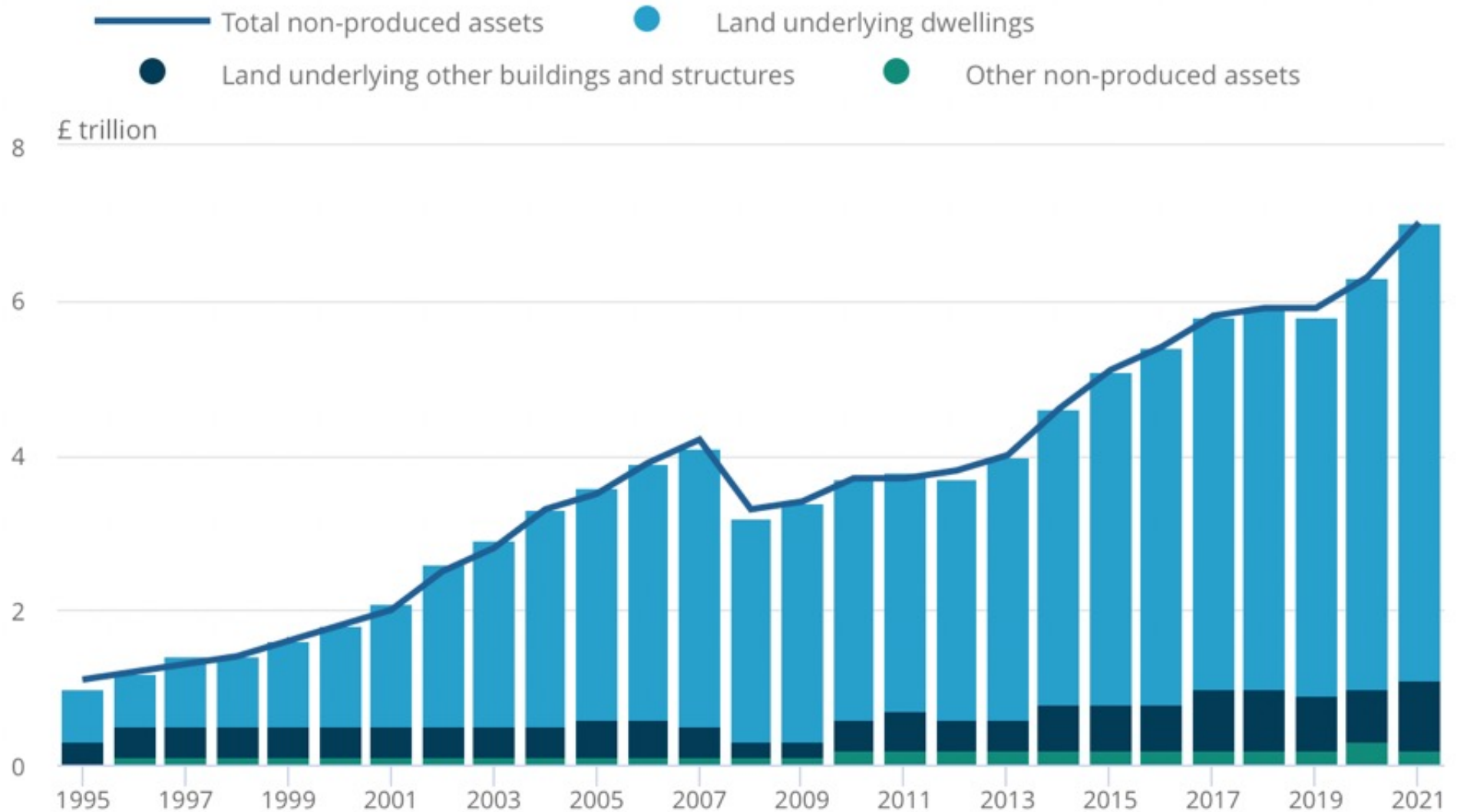


Figure 3: Households sector value of land and its overlying assets, 1995 to 2016

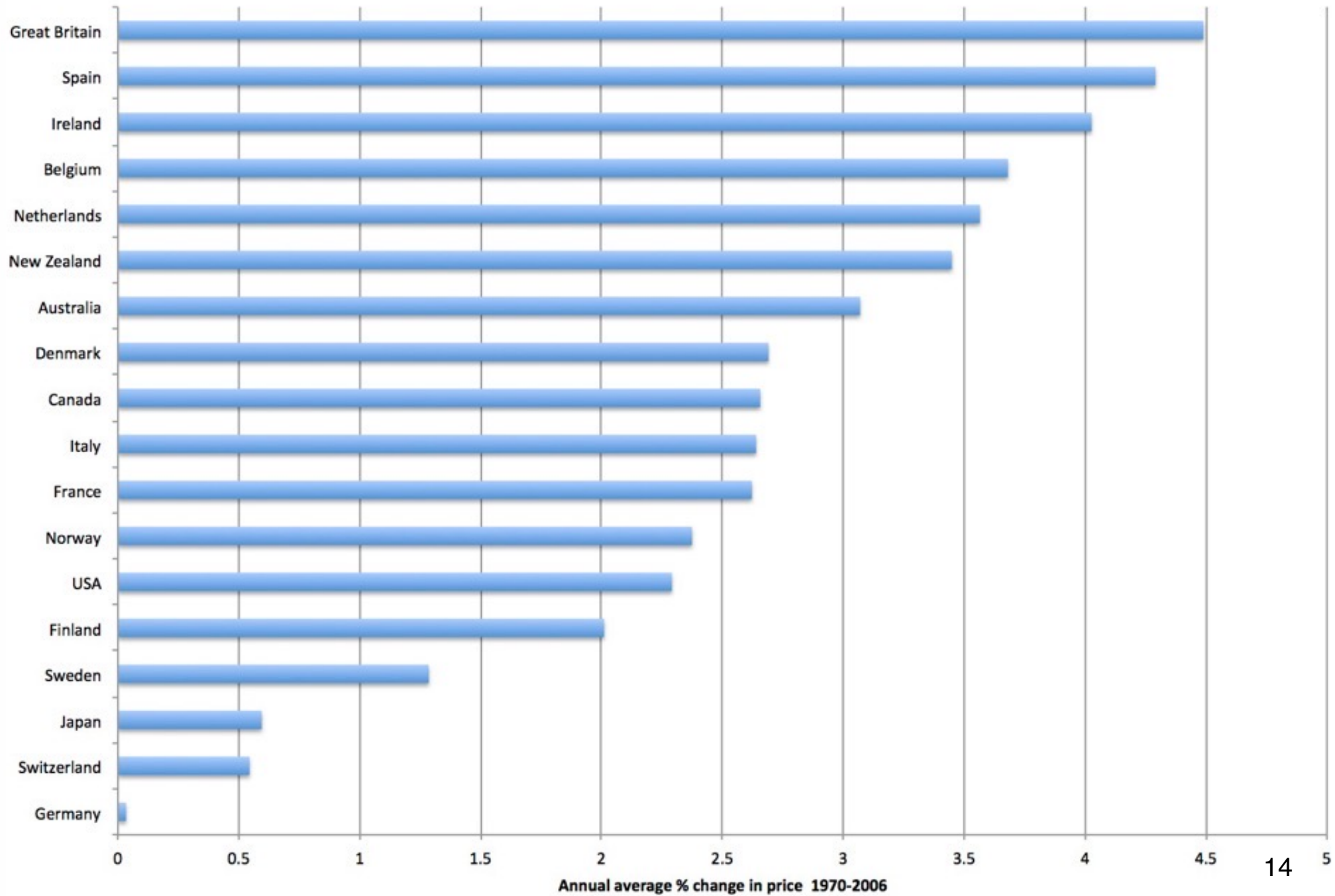
UK



Non-produced asset value in the UK, current prices, 1995 to 2021

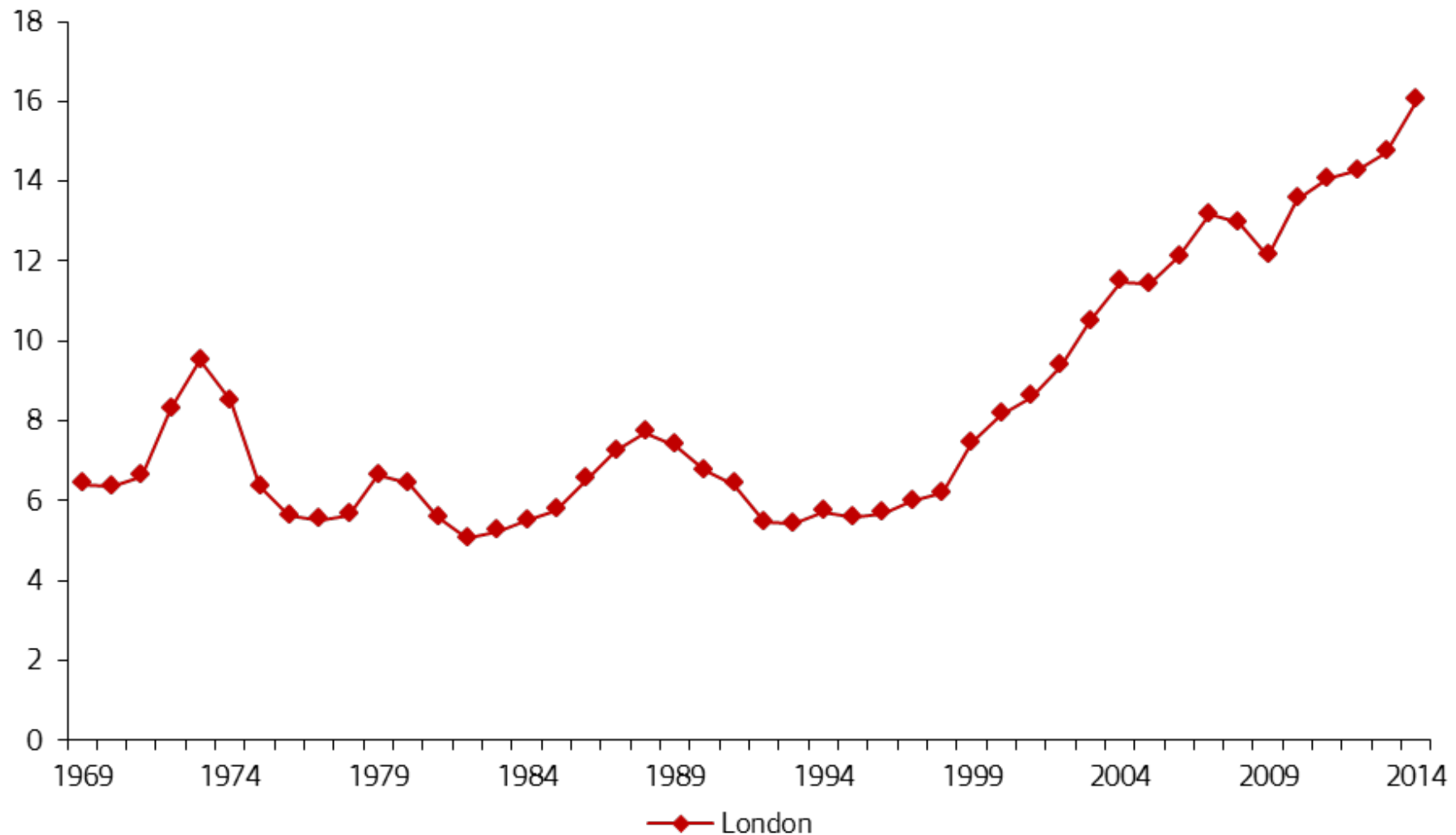


Source: Office for National Statistics – National balance sheet



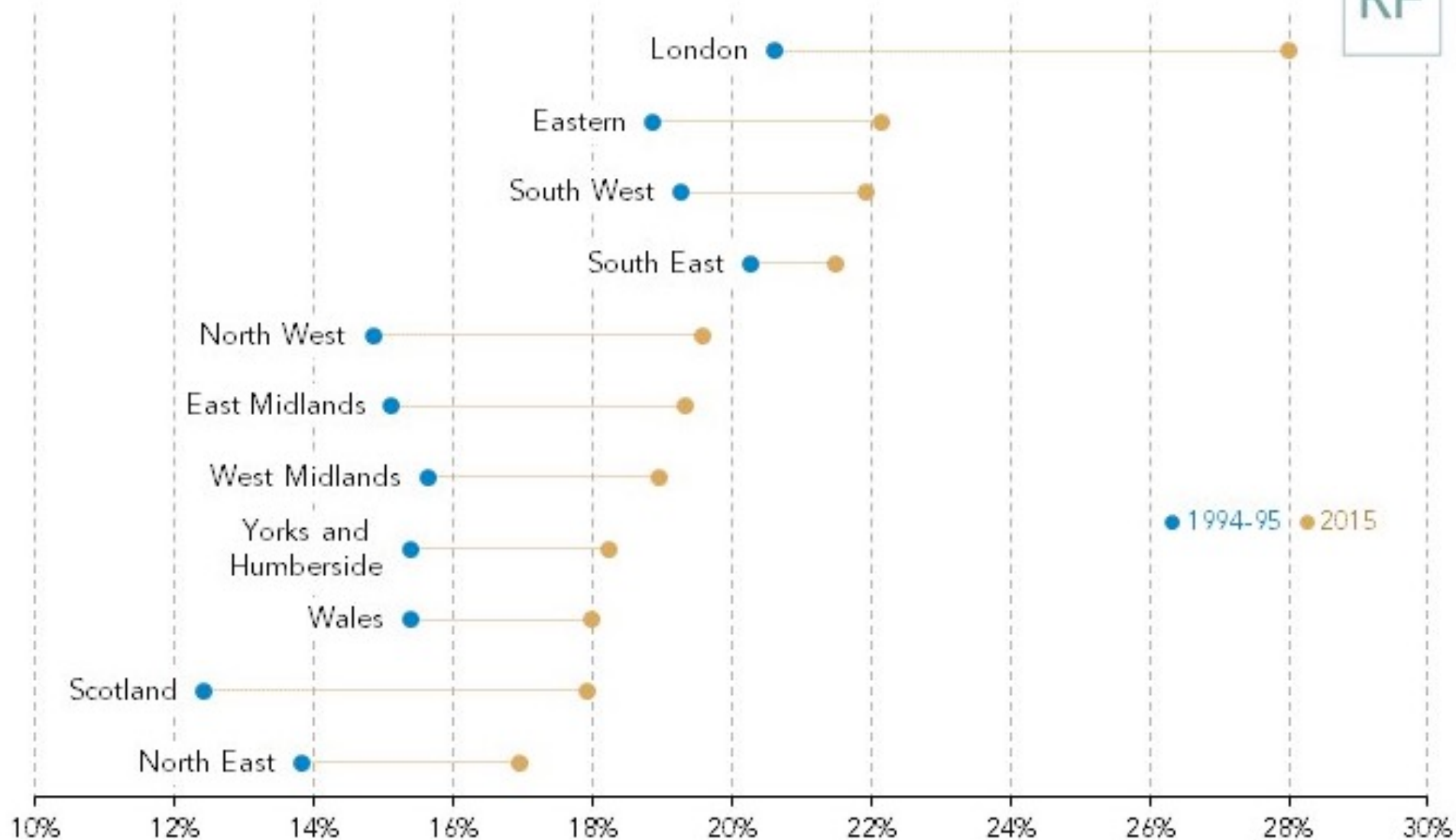
housing has become less affordable

Ratio of mean house price to estimated median earnings in London



Sources: New Earnings Survey (NES) prior to 1997 and ASHE workplace-based earnings from 1997 to 2014.
ONS simple average house prices, 1969-2014.

Housing cost to net household income ratio for UK working age households, by region



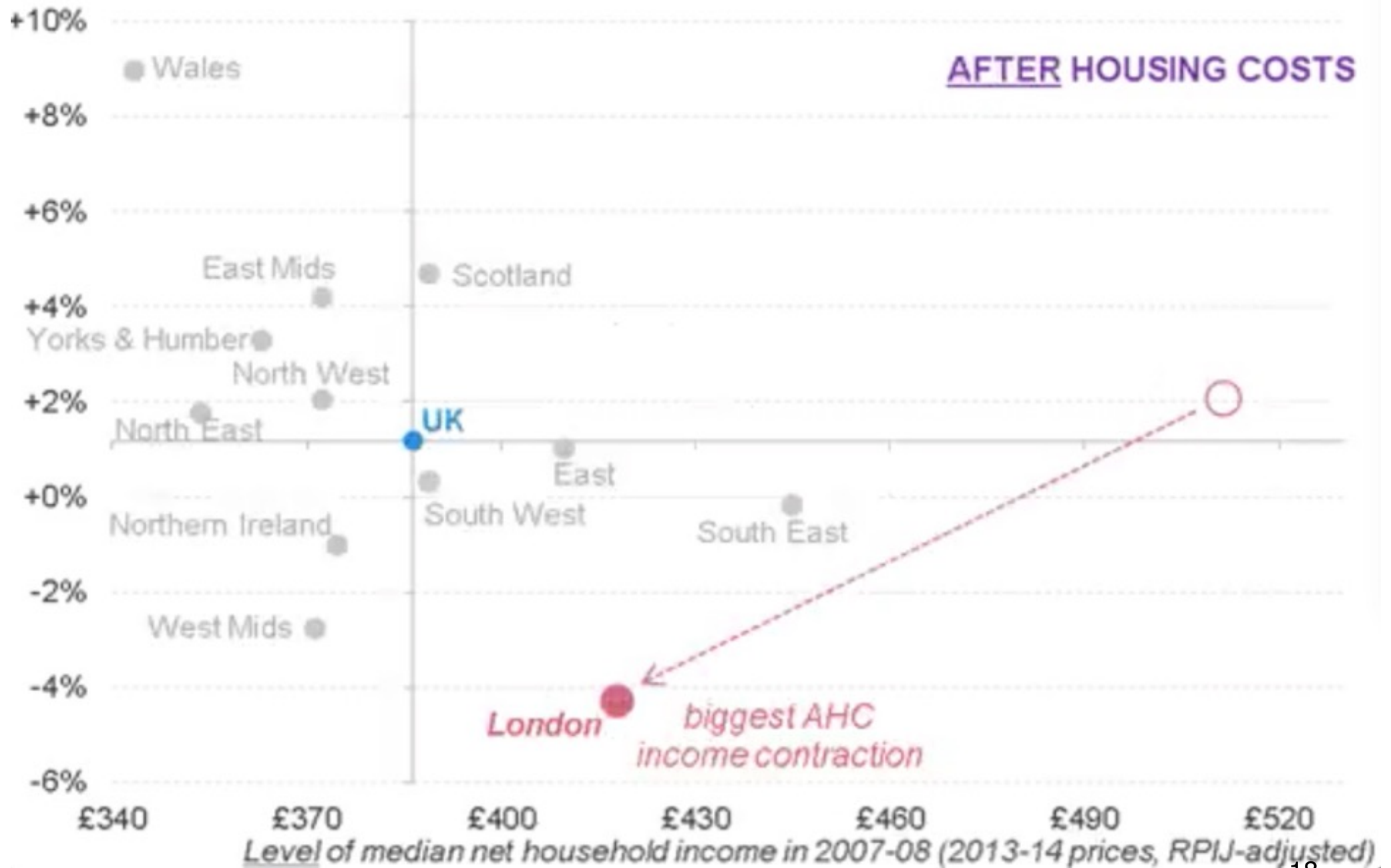
ResolutionFoundation @resfoundation · Oct 7

Worth remembering housing affordability is not just a London problem. Housing costs have squeezed incomes across country in last 20 years

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



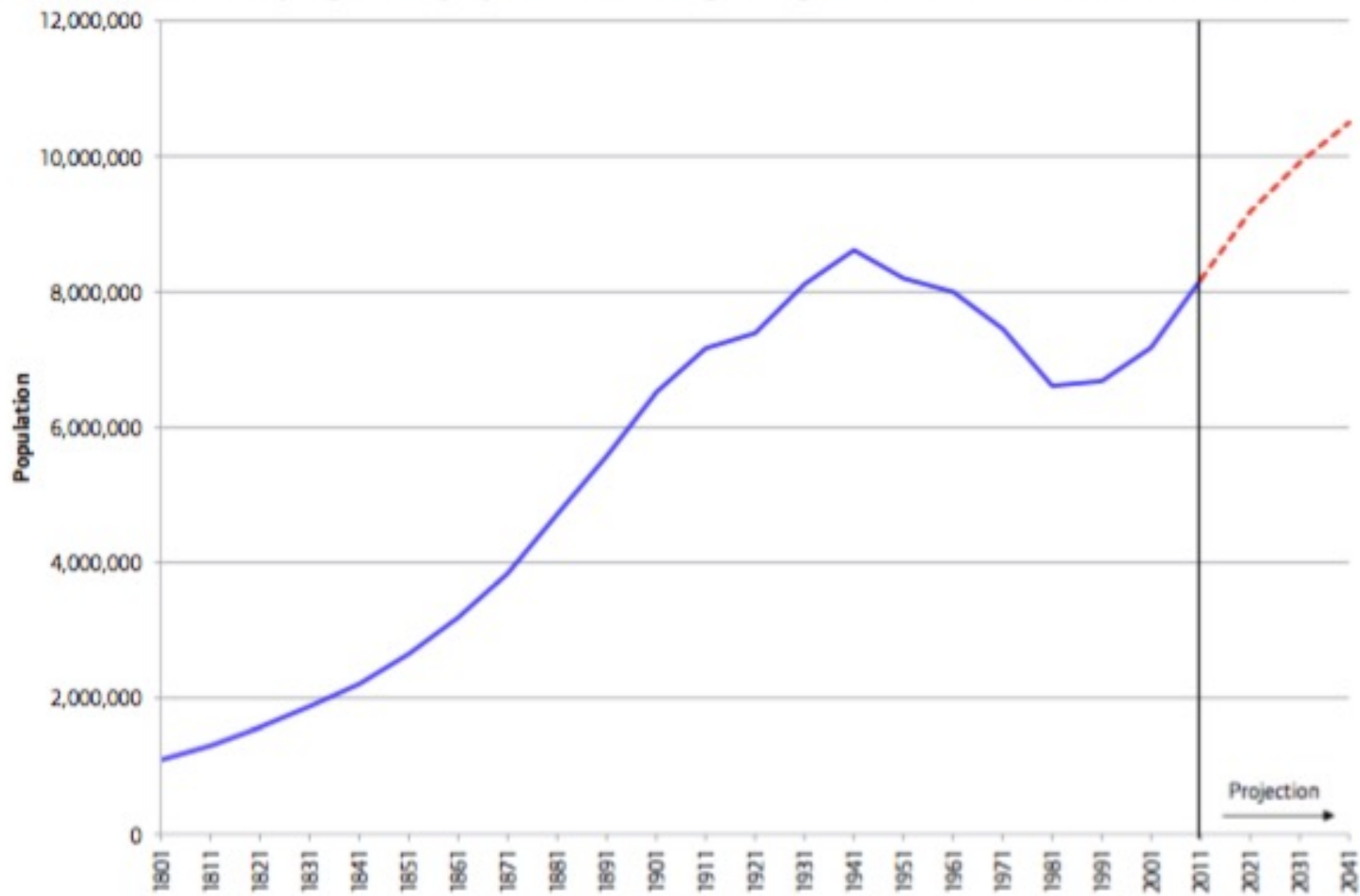
Change in real-terms median net household income (RPIJ-adjusted), 2007-08 to 2013-14



Current London policy imperatives

- The London Plan is built on the absolute imperative of adding 65,000 dwellings per year (compared with 36,000 recently)
- **This is the logic to drive the 2021 Plan...**
- Increasing density (almost) everywhere
- Rebuilding shopping centres for dense housing
 - Displacing enterprises, jobs, services
- Displacing MORE work-space/industry
 - enterprises, jobs and services
- Taking common space for private housing use
- Redevelopment of social housing estates
 - Displacing tenants & shrinking social housing stock
- Reinforcing central London and longer commuting by building more railways (Crossrail 2)

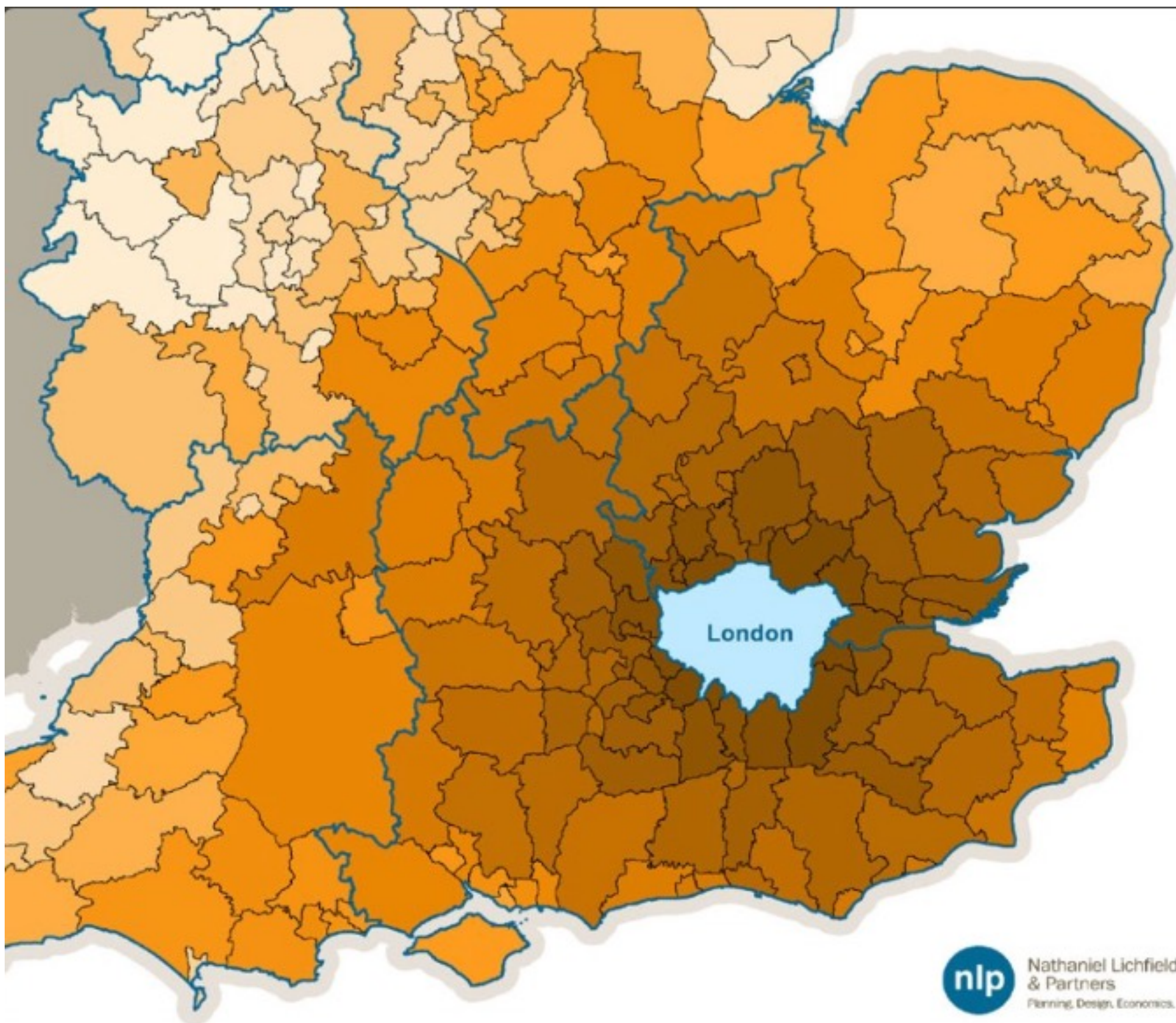
Figure 8.9: London's projected population, every ten years between 1801 and 2041



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

Commuting to Greater London

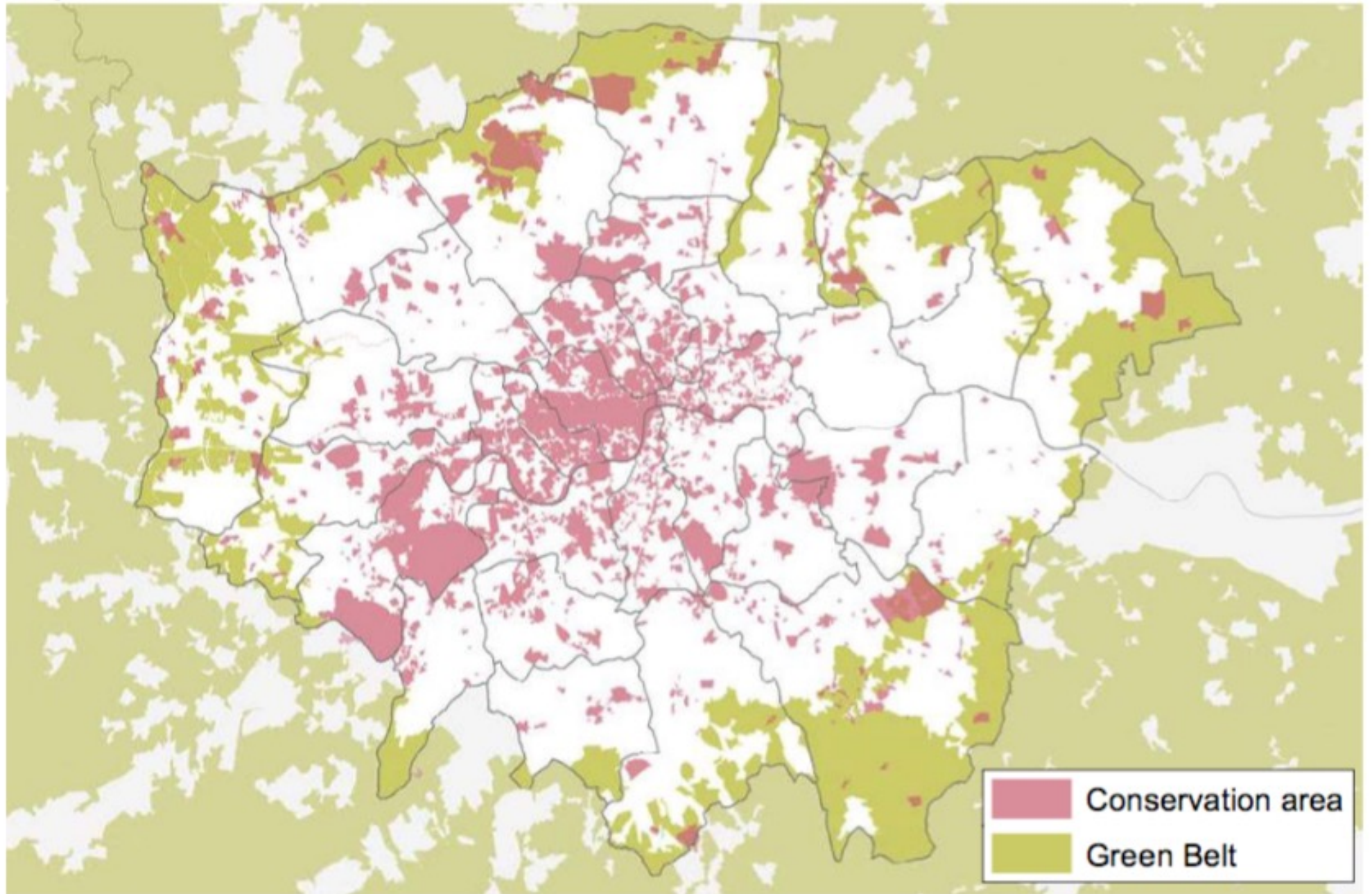
% of District's Employed Residents who Commute to London, 2011



London

Region Boundaries

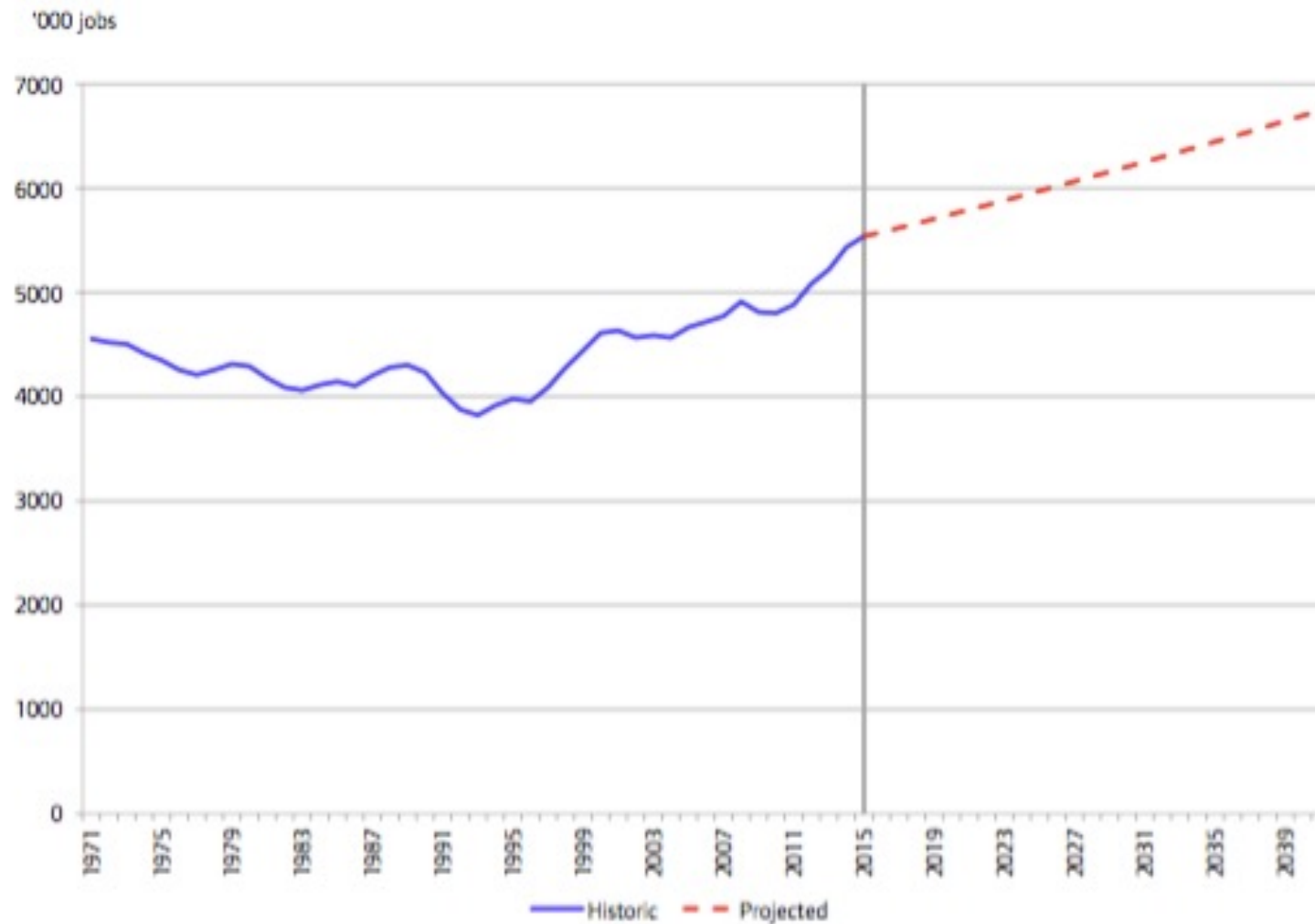
Map 4.7: London conservation areas and Green Belt



Source: English Heritage, Conservation area boundaries provided to GLA

Economic Evidence Base for London 2016

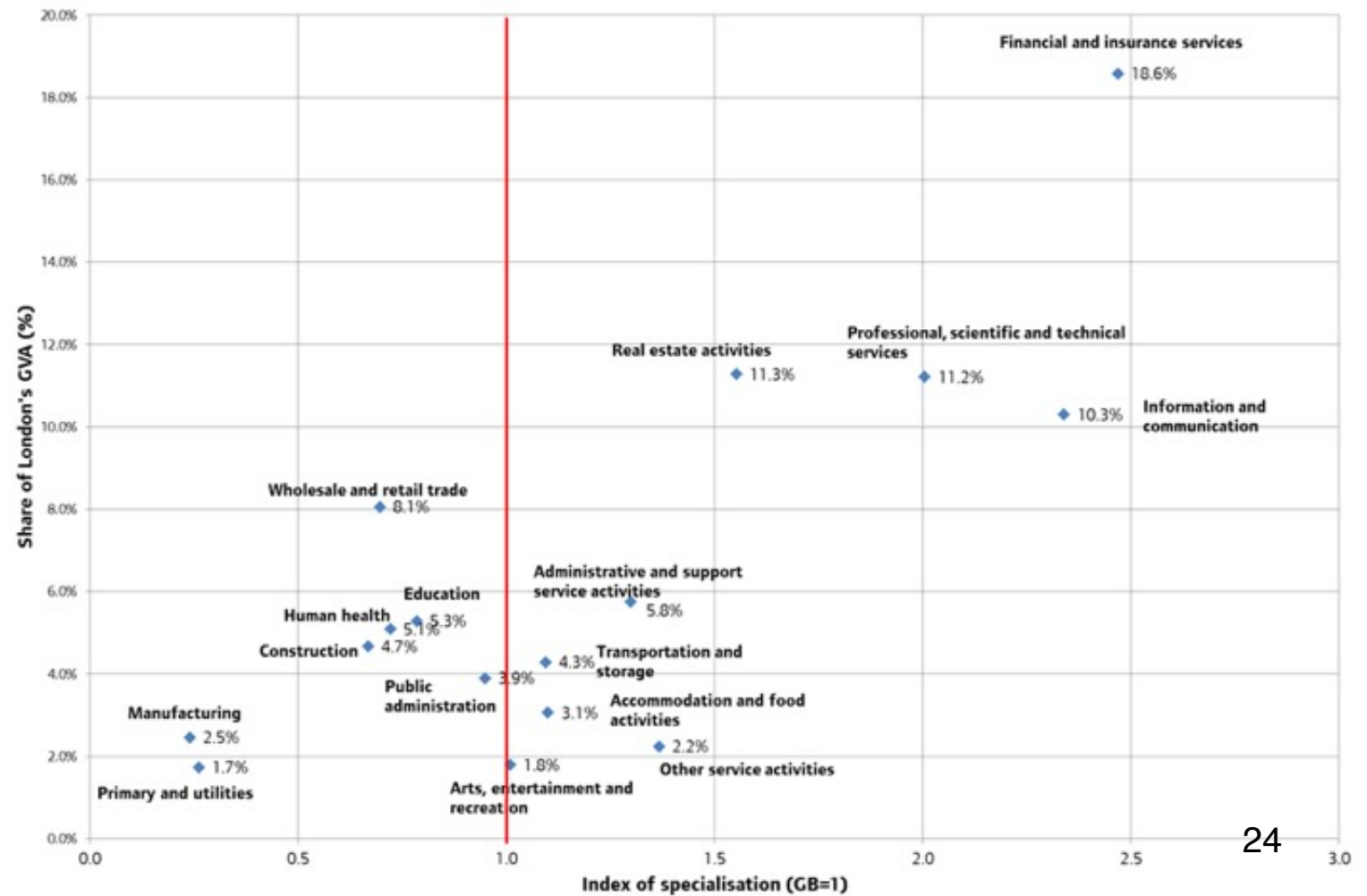
Figure 6.1: GLA Economics long-run employment projection to 2041



Source: GLA Economics

... with London specialising in financial and business services ...

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

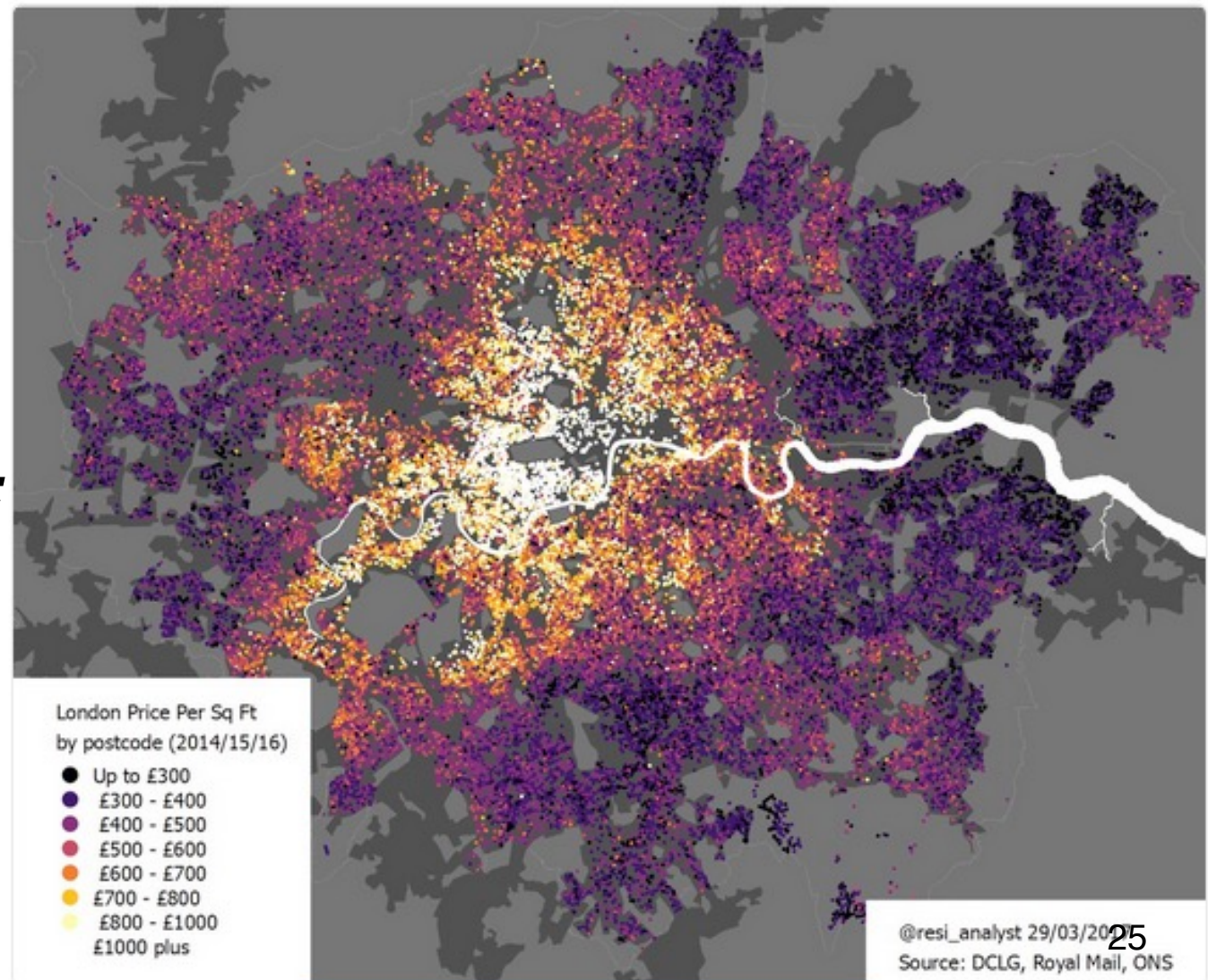


Source: GLA Economics based on data from ONS Regional Gross Value Added (GVA)

Rent does much more than simply reflect accessibility to the centre

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

London house prices per square foot



Today: London phenomena

- Overcrowding growing – revealed by Covid-19
- Homelessness growing – but Covid measures took people off street
- Space standards low (m²) – but Covid drives those who can afford space
- Low output of low-rent housing compared with “need”: backlog grows
- Rising prices, even now with credit less easy
- Huge growth of private renting: insecure and un-regulated
- Diverts investment from productive uses
- Extinguishes much of the existing economy through loss of premises
- Feeds inequality by enriching owners at expense of non-owners
- State spending on infrastructure very costly & centralising
- State spending on housing benefits very costly (even after cuts)
- Symptoms of a severe crisis for low- and middle-income workers

 **London Tenants Federation** @LondonTenants · 17h ...
Have been looking at additional London homes built in 2005-19 compared to London Plan targets (deemed deliverable at Public Examinations).
124% of the targets for private/market homes, 67% for intermediate & only 47% of targets for social & affordable rented were delivered.

Property relations in the UK - interpretation

- weakened manufacture
- cheapening of imports lowers reproduction costs (China etc)
- geographical concentration of asset values, growth in SE
- taxation favours owners (REITS, tax breaks for landlords, owner-occupiers)
- rent controls & security, removed in private rent housing 1980s
- long history of leases favourable to landlords, heightened by cladding crisis
- Financialisation wider and deeper (care homes, utilities, privatisation generally)
- widening inequality (both cause and effect)
 - inter-generation transfers
 - gender inequalities
 - inter-class transfers
 - Inter-region divergence
- breakdown of pension system
 - so people buy more property
- easy credit (pre-crash)
 - for owner-occupation housing
 - For investors in rental housing
 - for commercial property
- **It is a class struggle, but not a simple one because of the fragmentation of working class by housing tenure forms**

Wider and deeper commodification of urban space

- direct privatisation
 - social housing
 - PFI health, schools, prisons
 - Utilities: water, telecom,
 - care homes, fire engines
- property market mediates access to...
 - schools
 - green environments
 - air quality etc
- how does reproduction work in such a place?
 - sucking in from abroad
 - long-haul commuting
 - Overcrowding, homelessness
 - subsidies to rents
 - BUT these subsidies being cut > London is dramatically segregating
- What role is the crisis playing?
 - further entrenching rent as a claim on social surplus
 - lowering real wages

See Lapavitsas and Louis Moreno – in bibliography

Perspectives from rent theory

- Landownership v productive capital
 - Growing direct tensions (space, rent, retail collapse)
 - Indirect tensions via worker housing
- Capital/land v workers
 - Pressure on real disposable incomes from housing rent & purchase costs
 - Expulsion of workers to periphery and beyond
 - Losses of services, spaces, community, industry
- Contradictions for the state
 - Paying welfare benefits to reduce risk for landlords
 - Heavy infrastructure costs of supporting agglomeration

Crossrail 1, opens ~~2018~~ ~~2019~~ ~~2021~~ 2022

Cost about £16bn



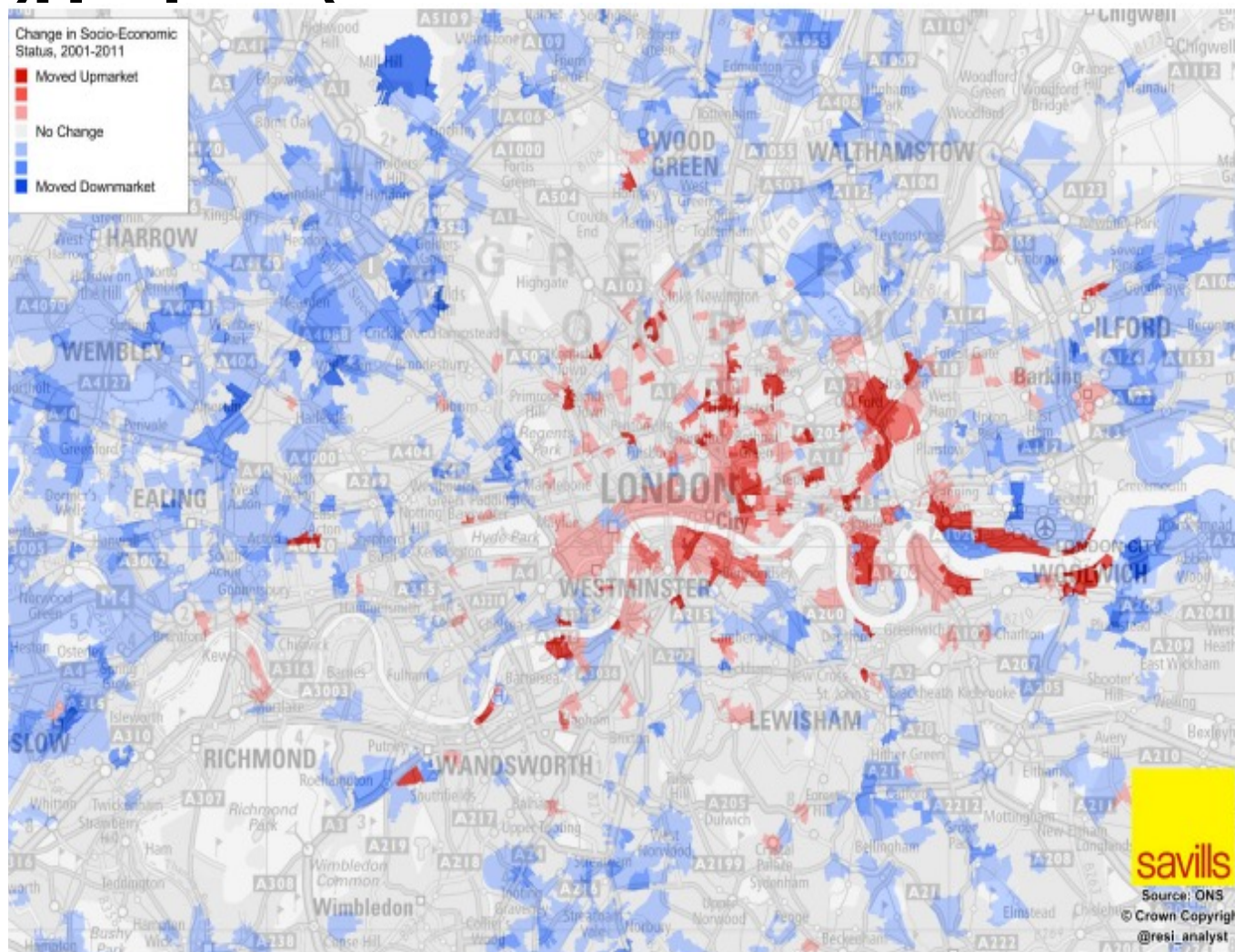
**Crossrail2
starts ~~?2020~~
or ~~?2023~~
or never?**

**Expected to cost
£30 bn & increase
values of existing
homes by £60 bn**

FIGURE 23: CROSSRAIL 2 ROUTE (CONSULTATION 2015)



Re-structuring class – occupations 2001-11



Red:
occupations
moving up

Blue:
occupations
moving down

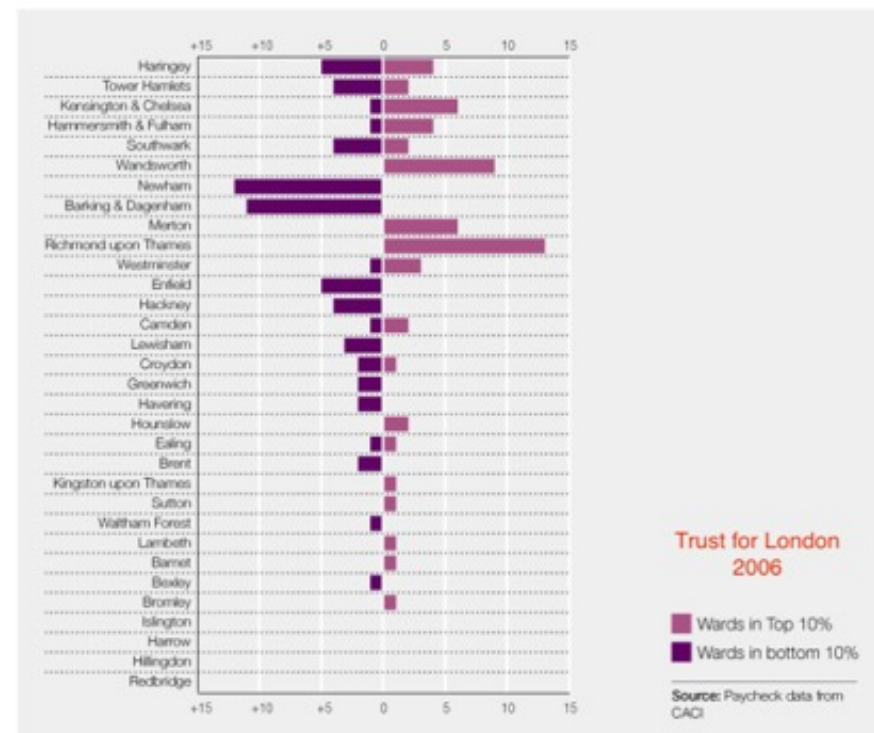
Highlights many of the residential development hotspots over the 2001-11 period

London: housing

- Massive inequality of income & wealth
- Shrinking stock of non-market housing
- Backlog of un-met need grows
- Plans prioritise growth of jobs & of (total) housing output
- Immense profit to be made from market housing
- Displacement of council estates & low- & middle-income tenants by rental market pressures + public policy



High income wards and low income wards by borough



Heading to [@LondonatMIPIM](#)? Share 3D models of your consented schemes to feature in the largest, most accurate digital model of [#London](#). For every model received, [#VUCITY](#) donates to [@LandAid](#) [#Londonisopen](#) [#EndYouthHomelessness](#) [#LandAidHouse](#) bit.ly/2Bvzo4k



Elephant and Castle: the Heygate Estate

- an extreme case of state-sponsored gentrification





Heygate estate (1970± (above)) now demolished

And being replaced by Lend Lease corporation (left).

<http://elephantamenity.wordpress.com/>
1100 social housing units replaced with 2300 of which 71 socially-rented



September 2021: Britain's first covered shopping mall at Elephant and Castle is demolished



Greenwich peninsula proposals



Vauxhall Nine Elms Battersea (VNEB) Opportunity Area in 2017, with US embassy, square, in the centre.



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

—a graphic designer who recently relocated from Lewisham to Cambridgeshire

londonischanging.org



Finally...

- Covid-19
 - Reveals inequality & some solutions
 - Undermines agglomeration imperative, WFH
 - Localises retail as people shop online, travel less
 - Crisis for public transport which depended on fares
- Brexit
- Global climate crisis

- Just Space generates a Recovery Plan 2022

Brexit

Explaining the Brexit vote – very little

Vulture capital seeking chaos to exploit

Some mainstream capital ending protection of labour & environment

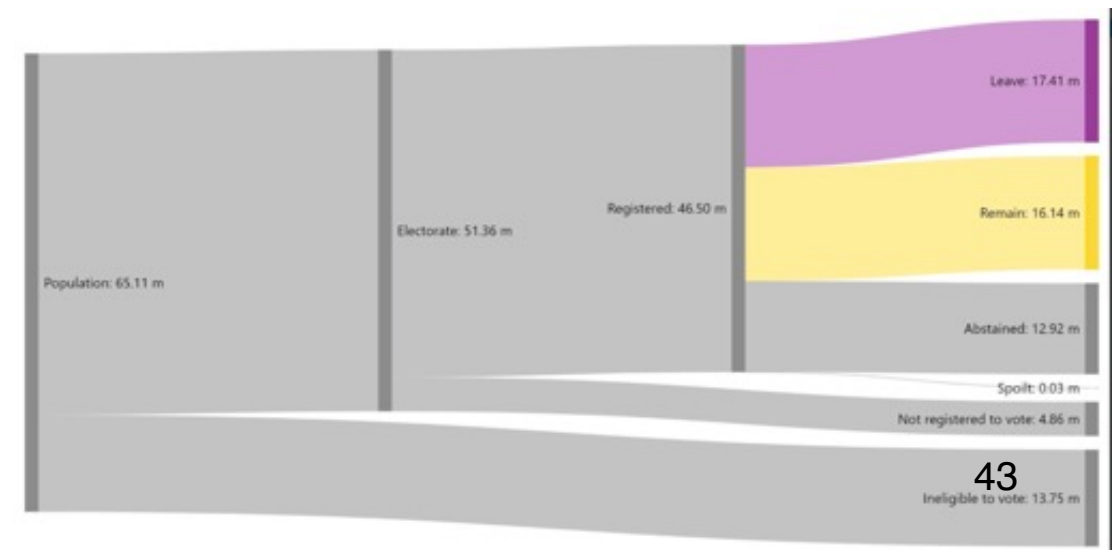
Failure of left to offer a challenge to neo-liberal hegemony

Scapegoating foreigners

An un-planned coalition; not simple

What is Brexit doing to London so far?

What are the prospects for London?



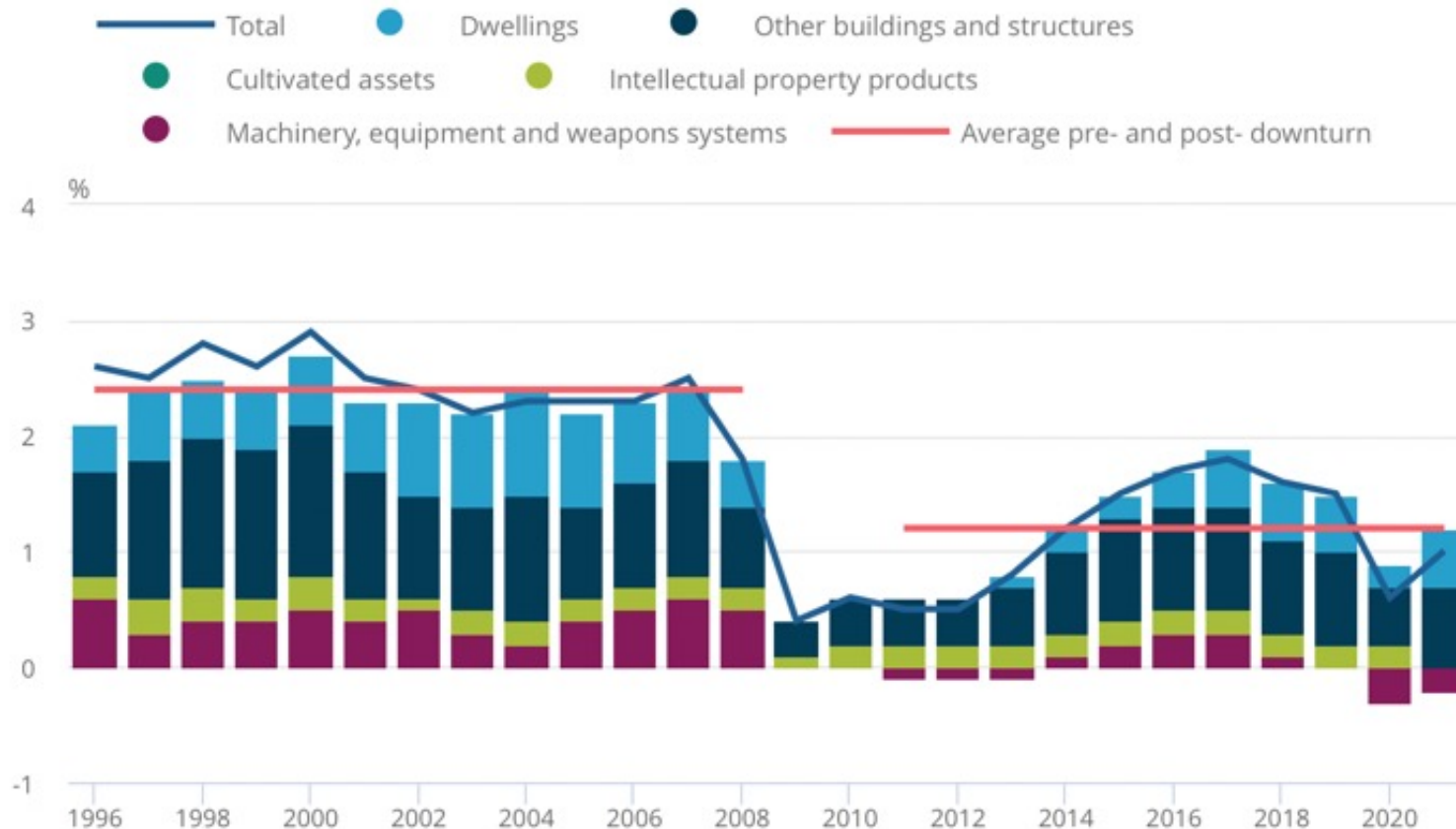
Graphic: @BillyBragg

Brexit effects so far

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

Industrial investment, always low & dwarfed by property, shrank in Financial Crisis and went negative with Brexit and Covid

Growth in UK net capital stocks, chained volume measures, 1996 to 2021

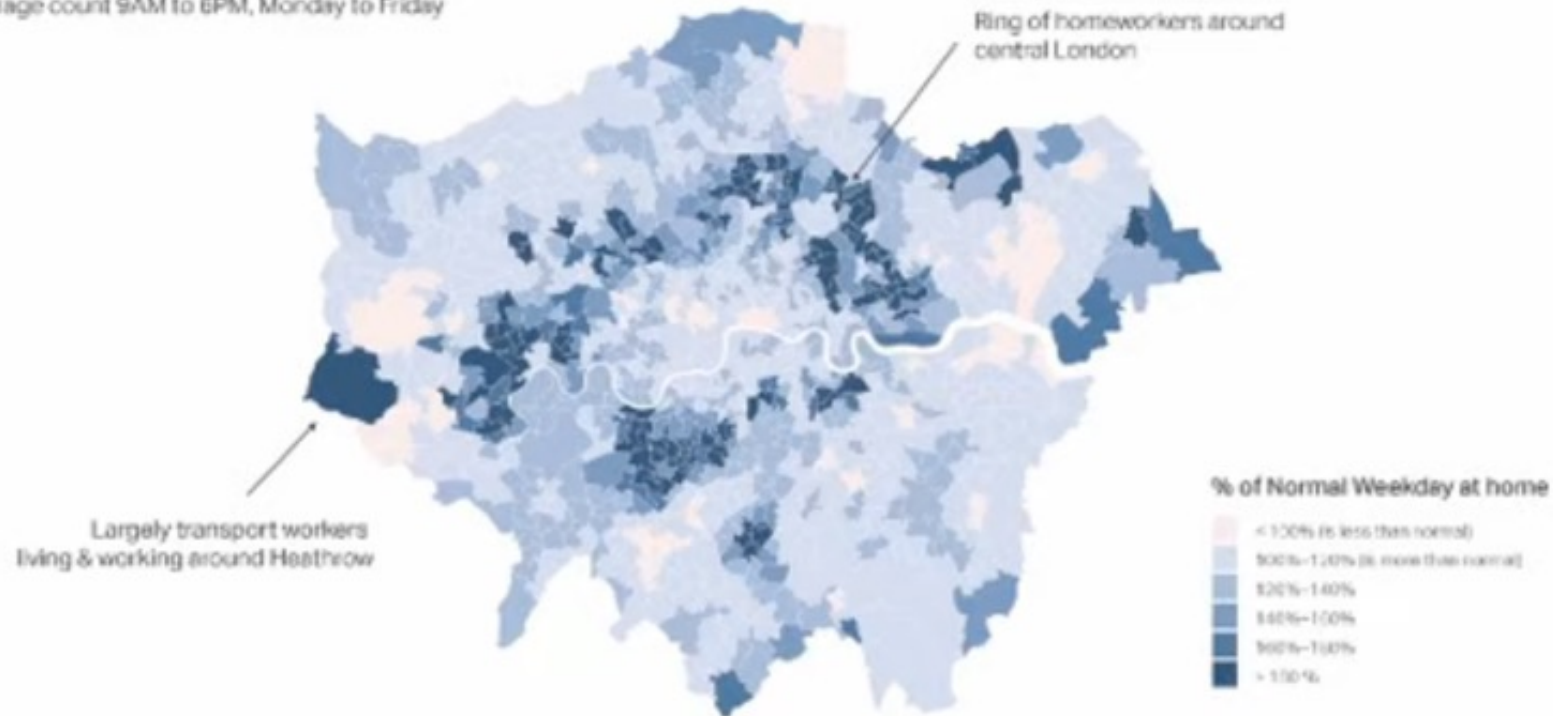


Working from home?

MEASURING LONDON'S BUSYNESS

London's Ring of (Weekday) Homeworkers - June 2022

O2 Residential People Counts - 01 June to 24 June 2022
Average count 9AM to 6PM, Monday to Friday



Based on anonymised & aggregated data from O2
Graphic by GLA City Intelligence

CITY INTELLIGENCE

prospects

- analysis predicting worst effects of actual brexit will be in manufacturing sectors and thus other regions, with London **less** affected. Existing huge disparities between areas would grow worse. Johnson Government adopts “Levelling Up” slogan. Now ? dropped.
- Financial and related sectors: clear signs of financial market firms moving staff and trading activity: Paris, Lux, FF, Dublin but also NY, Singapore, HK. Final extent of all this not clear. Financial sector and London business optimists confident that the unique features of London’s agglomeration will survive, including its legal, accountancy and consultant roles.
- Insurance expected to be less affected than investment banking, forex and so on.
- Pessimism in the architecture/planning/engineering export sector, also in performance arts and music.

Recovery Plan 2022

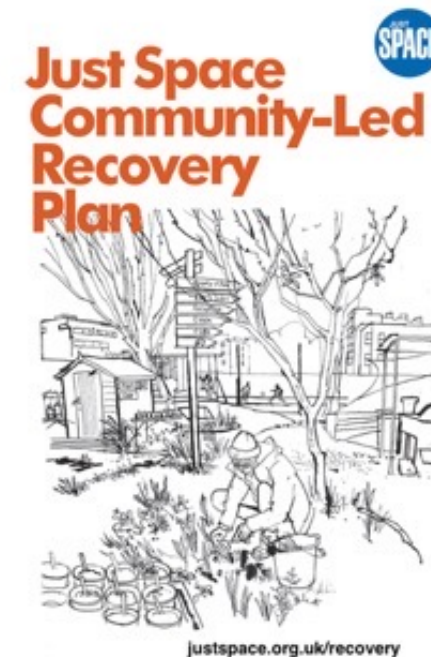
The Main Imperatives

This document ranges widely from the personal to the collective, from the neighbourhood to the city-wide. Despite coming from diverse positions, it's that range which gives authenticity to the document and converges on a number of strong demands, which will be evident as you read:

A Caring City We first focus on the Care economy, a sector which is under-paid and under-recognised but which contributes to and serves the wellbeing of the population. London must become a 'caring city' that takes care of people and nature, the spaces and places they occupy. This overarching concept embraces the overlapping themes of fairness and solidarity, co-production and co-operation, recognition and influence, resourcing, lifetime neighbourhoods, community hubs.

Visibility & Influence For All Coinciding with the Black Lives Matter movement in the wake of the killing of George Floyd in Minnesota, the pandemic served to raise consciousness of systemic inequalities and the value of activism. We see this context as a link to the founding principles of Just Space, about justice in the planning of the city.

Many of the proposals are aimed at resourcing more diverse and bottom-up structures, so that community organisations can take part in genuinely democratic and participatory decision-making and become agents of change.



A City Of Local Neighbourhoods Many of our workshop discussions converged on aspects of the ‘local’—the disadvantage of living in a badly-served locality, the pleasures of local places instead of making long journeys, the importance of having the people you care for living nearby.

The local neighbourhood is also the scale at which a lot of self-help and mutual solidarity activities flourish and at which many valuable social interactions could take place. The pandemic experiences add meaning and urgency to our calls for a strong Lifetime Neighbourhood approach across London.

Priority For Climate And Nature The other important thread in these proposals is the urgency of the environmental crisis—not only climate change but our whole relationship with nature, buildings, food, transport.

A crucial issue in transforming the environment is ‘just transition’. Often policies which are introduced to meet an emergency have unintended consequences which hit working class people hardest. Decarbonisation of transport and of heating systems to achieve zero carbon housing are examples where we confront this issue.

Climate & bio crises

- Building stock
 - Retrofitting
 - Re-use/demolition
- Transport
 - Air travel
 - Commuting
 - Air quality
- Economy
 - Growth/degrowth
 - De-globalisation

Electricity supply is one of the only sectors where significant progress has been made

UK historical emissions (MtCO₂e)

Electricity supply Surface transport Buildings Agriculture



FINANCIAL TIMES

Source: Climate Change Committee

Links

- Official London Plan 2021 material at <https://www.london.gov.uk/what-we-do/planning/london-plan/new-london-plan/london-plan-2021>
- GLA current activity on London Planning <http://www.london.gov.uk/programmes-strategies/planning/planning-london-programme>
- [JustSpace.org.uk](https://www.justspace.org.uk) community-led Recovery Plan / also many publications.
- Jennifer Robinson & Katty Attuyer, ***OPDC capturing value, London style***, in International Journal of Urban and Regional Research IJURR 2020 <https://bit.ly/39hx4il>
- Email Michael Edwards for guidance / further reading. M.Edwards@ucl.ac.uk
- In DPU speak to Barbara Lipietz or Tim Wickson about their work with Just Space.
- Further reading on next slide

Edwards, Michael (2016 April) The Housing Crisis and London, in Special Feature on London edited by Anna Minton and Paul Watt, City 20(2) <https://www.tandfonline.com/doi/full/10.1080/13604813.2016.1145947>

Michael Edwards exchanges with Ian Gordon (LSE) in London Plan EiP and in blogs about density:
Edwards: <https://michaeledwards.org.uk/2019/03/05/>
Gordon: <https://blogs.lse.ac.uk/lse/london/london-plan-eip-day16-m39/>

Owen Hatherley, [The government of London, New Left Review, April 2020](#)
And a book-length version 2020 *Red Metropolis: socialism and the government of London*

On London informal economy, ethnic and gender dimensions, our expert is Dr Myfanwy Taylor in Bartlett School of Planning. Her publications are at <https://www.ucl.ac.uk/bartlett/planning/people/myfanwy-taylor>

Michael Edwards publications list at <https://michaeledwards.org.uk/publications-list>

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

Manuel B. Aalbers & Brett Christophers (2014) Centring Housing in Political Economy, Housing, Theory and Society, 31:4, 373-394, <http://dx.doi.org/10.1080/14036096.2014.947082>

Ball, M, V. Bentivegna, M Edwards and M Folin, Eds. (2018 June) *Land Rent, Housing and Urban Planning: a European perspective* London, Routledge Revivals (reprint of 1985 original)

My approach to UK land, rent, housing is written up in
Edwards, Michael (2015) Prospects for land, rent and housing in UK cities, Working Paper 18, Foresight Future of Cities Project, Government Office for Science, free download
from <https://www.gov.uk/government/collections/future-of-cities#working-papers> and
<http://societycould.wordpress.com>