

Hosted by the Department of Sociology

What is Housing For?

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EVENTS

Hashtag for Twitter users: #LSEHousing
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The need for a home is universal. But today, housing is dominated by economic and political logics that conflict with the ideal of housing for all. When residential space becomes a speculative investment or a tool for political repression, it raises fundamental questions about what, and whom, housing is for.

What Is Housing For?

David Madden
23 October 2017
LSE

I.

Introduction: The Uses of Housing

What is housing for?

In many places today, housing is increasingly *not* being created and distributed in order to provide people with homes. Instead, a different set of purposes is emerging.

The housing system is increasingly becoming one of the many sites in contemporary society that reproduce and exacerbate inequality.

II.

Routes to a Crisis

“The so-called housing shortage, which plays such a great role in the press nowadays, does not consist in the fact that the working class generally lives in bad, overcrowded and unhealthy dwellings. This shortage is not something peculiar to the present.... On the contrary, all oppressed classes in all periods suffered more or less uniformly from it.... What is meant today by housing shortage... gets talked of so much only because it does not limit itself to the working class but has affected the petty bourgeoisie also.”

Friedrich Engels, *The Housing Question*, ed. C. P. Dutt (London: Lawrence and Wishart, 1936 [1872]): 17.



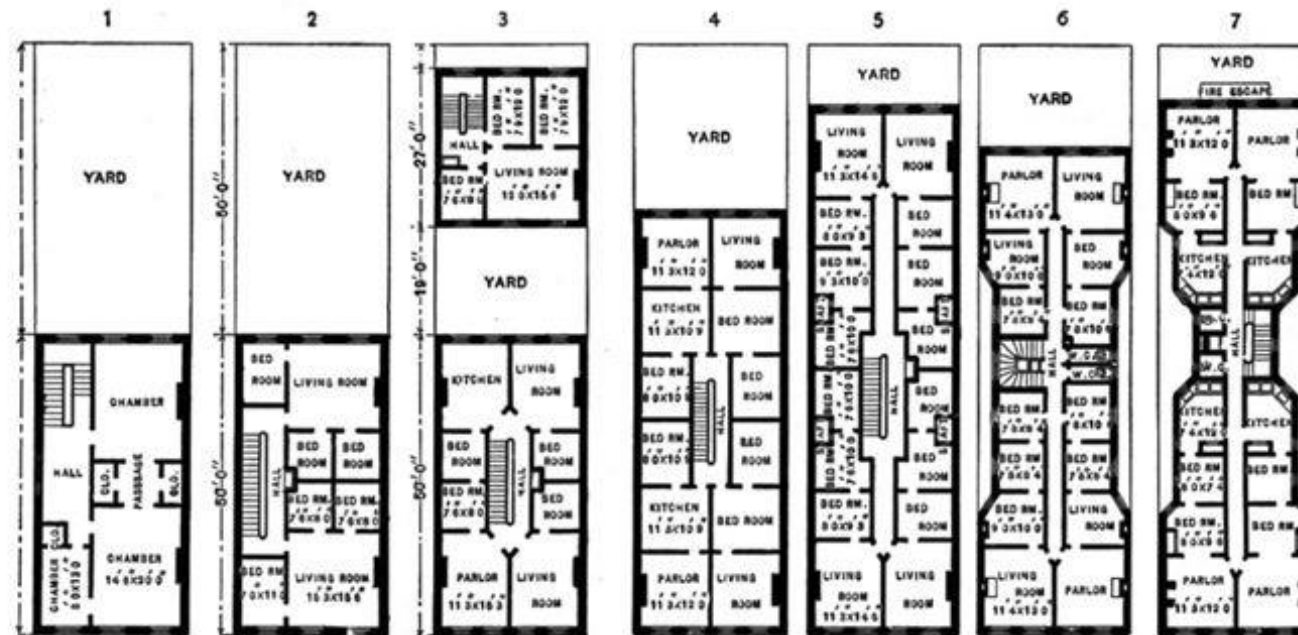
Market Court, Kensington, circa 1865. Source: Royal Borough of Kensington and Chelsea Archives.



An eviction, Central London, 1 January 1901. Source: Hulton Archive.



Rent strike in Harlem, New York City. Source: *New York Times*, 1919.



1. Old Knickerbocker dwelling.
2. The same made over into a tenement.
3. The rear tenement caves.
4. Packing-box tenement built for revenue only.
5. The limit; the air shaft — first concession to tenant.
6. The double-decker, where the civic conscience began to stir in 1879.
7. Evolution of double-decker up to date.

Morphologies of New York tenement house reform. Source: Jacob A. Riis, *The Battle With the Slum* (New York: Macmillan, 1902): 152.



Hallfield Estate, Bayswater, City of Westminster, circa 1955. Source: *Architects' Journal*.



Christodora House circa 1976—a former community centre that would be converted into a luxury condominium in 1984, becoming an icon of housing inequality in the Lower East Side. Source: Museum of the City of New York.

commodification

financialisation

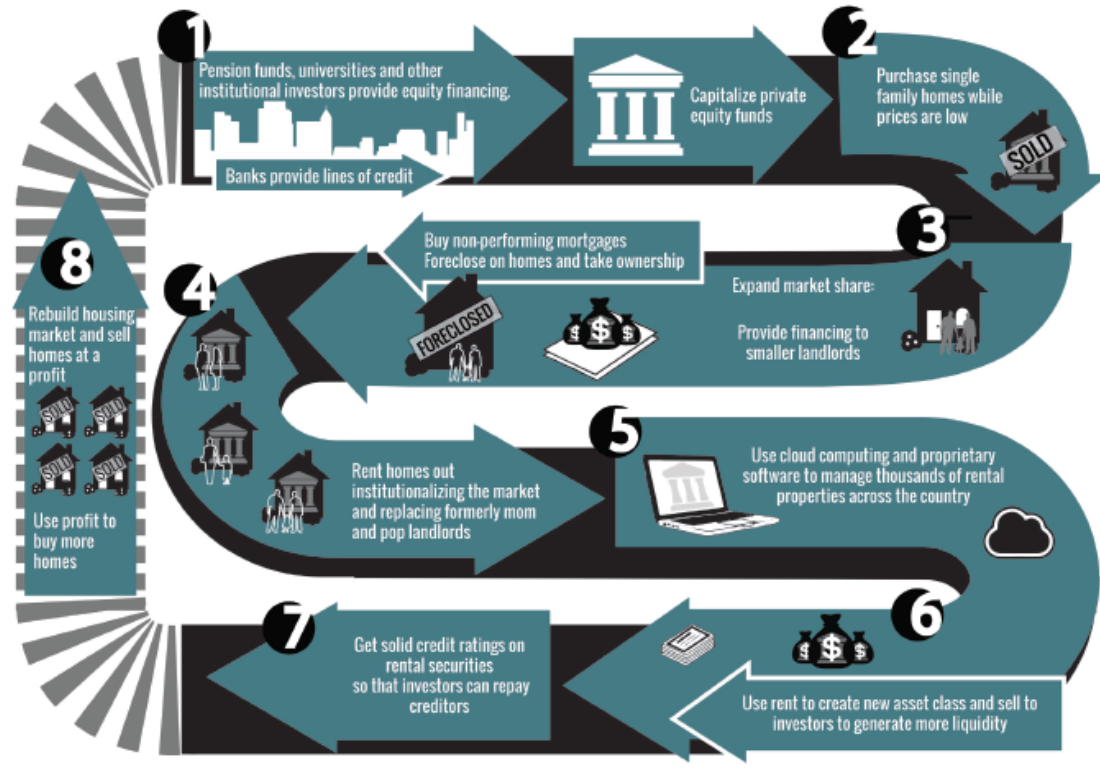
III.
Dwelling in the Commodity
Form



Occupy Bank of America, 15 March 2012, an action where activists set up a living room in front of the bank, operating on the theory that "the bank took our homes so we're moving in with them." Source: Mike Fleshman, Creative Commons.

THE RISE OF THE CORPORATE LANDLORD

The Institutionalization of the Single-Family Rental Market and Potential Impacts on Renters



Source: Desiree Fields, *The Rise of the Corporate Landlord: The institutionalization of the single-family rental market and potential impacts on renters* (Homes For All Campaign, Right to the City Alliance, 2014): 5.



Tenants protest against predatory equity. Source: Cooper Square Committee, 2016.



Ghost town: the £1.2 billion One Hyde Park complex in Knightsbridge has only three full-time residents

Source: Mira Bar-Hillel and Jonathan Prynn, "Absent Owners 'Turning £1.2bn One Hyde Park into Mary Celeste,'" *Evening Standard*, 13 January 2012.



LUXURY REAL ESTATE

as the world's new currency

by Jonathan Miller

HOW DID WE GET HERE? The US dollar has weakened in the years following the collapse of Lehman Brothers in the onset of the global credit crisis. The S&P downgrade of US debt in August 2011 from its benchmark AAA rating brought a flood of investors into US financial securities. That meant that our currency allowed us to buy less abroad, and the strength of other currencies provided international buyers with large discounts when purchasing property in US dollars. But it went further than that.

THE RISE OF LUXURY REAL ESTATE AS A "SAFE HAVEN"

The volatility of global financial markets and the resulting political fallout shook investor confidence, which in turn spurred a rise in foreign buyers seeking a safe haven to protect their assets. A wave of international buyers from Europe, South America and Asia entered the US housing market, helping set record prices and revive luxury markets including New York, The Hamptons and Miami.

SUPPLY-DRIVEN DEMAND The luxury real estate market has become defined by the supply of available properties. While demand has remained constant and elevated, inventory has

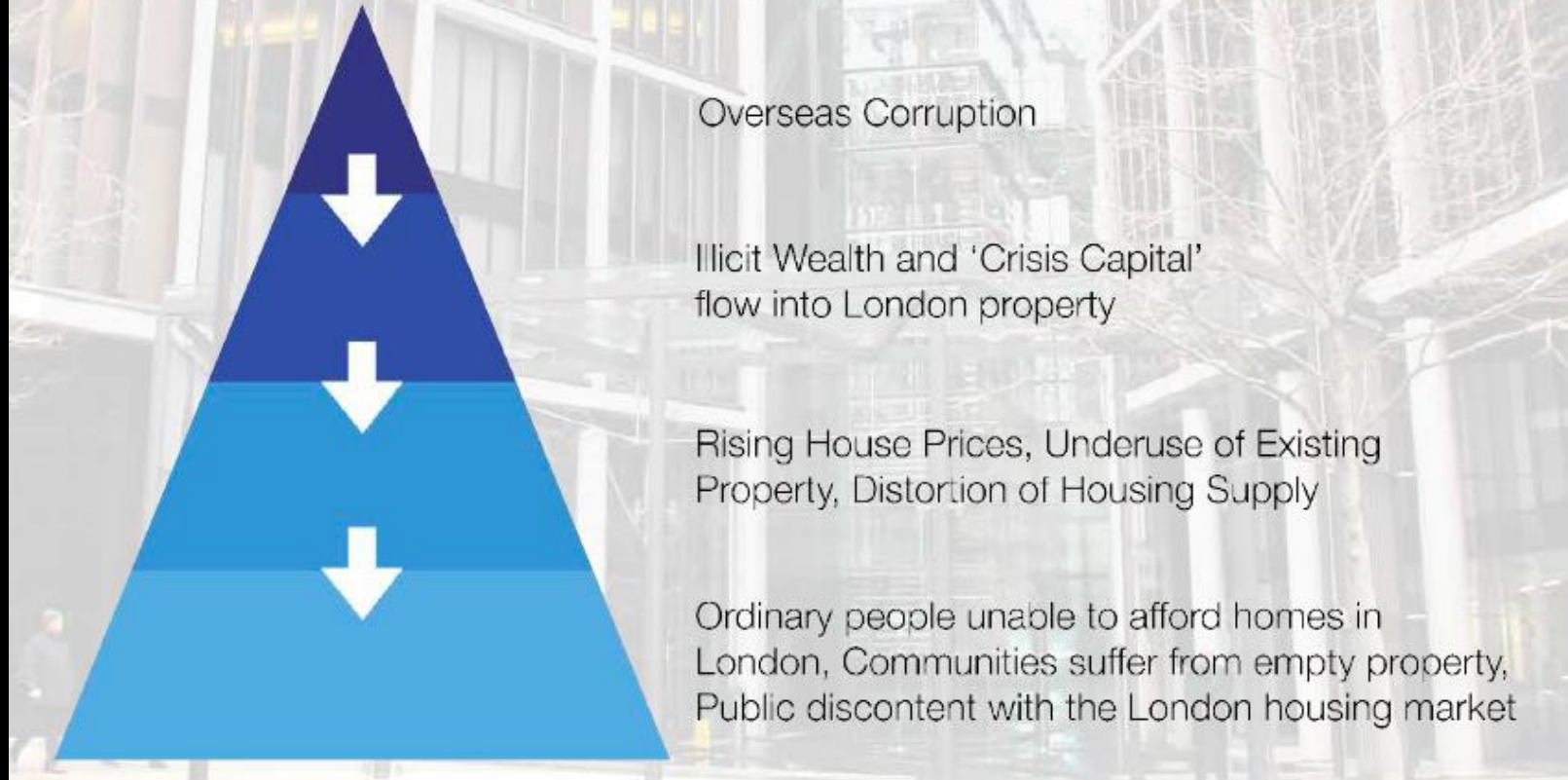
become a critical variable, particularly at the very top of the market, where surging international demand for one-of-a-kind properties has surpassed the limited supply. The resultant record-breaking sales of "trophy" properties have enticed more owners of luxury homes to make them available for sale.

THE RISE OF THE "TROPHY PROPERTY" The trophy property has become a new market category that does not follow the rules and dynamics of the overall marketplace. One stratospheric price record is being set after another, and it is not only the list prices that are defining these record sales; the rarity of location, expanse of the views, quality of amenities and the sheer size of these unique homes have all played an important part in attracting the interest of foreign buyers.

WHERE DO WE GO FROM HERE? Driven by the global credit crunch and political instability, the two factors that are expected to remain unchanged for the next several years, the US luxury housing market is expected to remain a "safe haven" for foreign investors for quite some time.

Jonathan Miller, *Elliman Magazine*, Fall/Winter 2012: 16-18.

Figure 1: Infographic showing how overseas corruption affects London and its housing market



How illicit wealth shapes the housing system. Source: Transparency International UK, *Faulty Towers: Understanding the impact of overseas corruption on the London housing market* (Transparency International, 2017): 5.

SPY

During the housing boom, speculators looked for buildings that they could buy and resell at a profit.



They targeted buildings covered by government programs that keep rents affordable. Then they tried to maximize their profits by pushing out rent-regulated tenants and raising rents or by selling the buildings to other speculators.

BUY

But often the speculators didn't have all the money (or even any of the money) to buy a building. How did they get the cash?



First, a speculator raised money from private investors by promising a high rate of return in a short period of time.



Then the speculator used this loan money to get a much larger amount from a bank. The standard formula was 20% cash from private investors and 80% loan from a bank.



Speculators were willing to pay huge prices for buildings because they thought the value of the buildings could only go up. Banks were willing to make huge loans because they thought they could shed the risk of bad loans. (More on that later!)

What Is Predatory Equity?

It's when speculators overpay for affordable housing with borrowed money, convert it to housing for rich people, and flip it to new buyers for a quick profit.

If speculators succeed, tenants lose their homes, and New York City loses affordable housing.

If speculators fail and can't pay their mortgages, the buildings go into foreclosure. Tenants lose their homes and New York loses affordable housing anyway.

Nobody wins.

CONVERT

Now the speculator has to make some big changes in order to make the buildings generate enough income to cover the new debt.



The speculator forces existing tenants out by any means necessary—harassment, phony eviction proceedings, cutbacks in services...



Then the speculator tries to get out of affordable housing programs and "renovate" newly vacant apartments to remove them from NYC's rent regulation laws.



The speculator converts the building into condos or rents apartments to wealthier tenants for more money.

FLIP

The speculator may try to sell the building to another speculator for a profit.



But OOPS! Financial crisis. Nobody wants to buy an overpriced building anymore.

Because predatory equity speculators paid too much for buildings in the first place, they have huge loans that they can't pay off. The buildings are overleveraged. What now?

What was Riverton worth before predatory equity?

For responsible long-term owners, a building is worth around ten to fifteen times the income it can net in a year. Let's break it down using Riverton as an example:

\$12.5M_{/YR}
INCOME FROM RENT

- 8.5M_{/YR}
OPERATING COSTS

\$4.0M_{/YR}
NET OPERATING INCOME

By this calculation, Riverton had a net operating income of \$4 million. Multiply that by ten to fifteen, and you get a value of \$40–\$60 million.

At that price, the owner could cover operating costs and pay off the loan while keeping the building affordable.

One Example

Harlem's Riverton Apartments were developed in 1944 as affordable housing for black veterans. In 2005, over 90% of Riverton's 1230 apartments were rent-regulated.

Speculator Larry Gluck bought Riverton in 2005—the height of the boom. He later refinanced for an astronomical \$250 million. Now, the development's rental income can't even cover the interest payments on the loan!

The building is overleveraged. Gluck can't flip the building in this market.

What's going to happen?

What do Riverton's finances look like after predatory equity?

Riverton was refinanced in 2006 for \$250 million in borrowed money. That's roughly four to six times its value. The annual interest on that loan is about \$13 million. Let's see how that adds up:

\$12.5M_{/YR}
INCOME FROM RENT

- 13.0M_{/YR}
INTEREST PAYMENT

- 8.5M_{/YR}
OPERATING COSTS

(\$9.0M_{/YR})
NET OPERATING LOSS

The annual interest on the loan is now more than Riverton's gross income. And there's still \$8.5 million per year in operating costs.

That's a \$9 million LOSS per year.

Uhoh.

There's no way this building is solvent unless something changes.

Back of the Envelope

In this hypothetical example, the company, Loftium, provides someone with \$50,000 toward a down payment on a home. In exchange, the home buyer is required to rent a spare bedroom on Airbnb and pay about two-thirds of the profits to Loftium.

The Airbnb assumptions



Source: Loftium | By The New York Times

MORTGAGES

A Down Payment With a Catch: You Must Be an Airbnb Host

Tara Seigel Bernard, *New York Times*, 18 September 2017.

Renting property

Rent-to-rent, the latest property get-rich-quick scheme

Rent a house, then sublet the rooms to as many people as possible. We report on the rise of an ethically dubious practice

In theory there are several ways to legally sublet a property, usually involving commercial or corporate tenancies, management agreements, leases or guaranteed rent schemes. These can be attractive to landlords who want a hands-off investment.

But whether multi-let subletting is legal isn't really the point - any tenant who has struggled to find a decent property at a decent rent will question the ethics of the new middlemen. The success of rent-to-rent appears to depend on cramming the most people you can into a property and charging them the maximum possible.

Emma Lunn and Patrick Collinson, *The Guardian*, 29 June 2013.

IV.

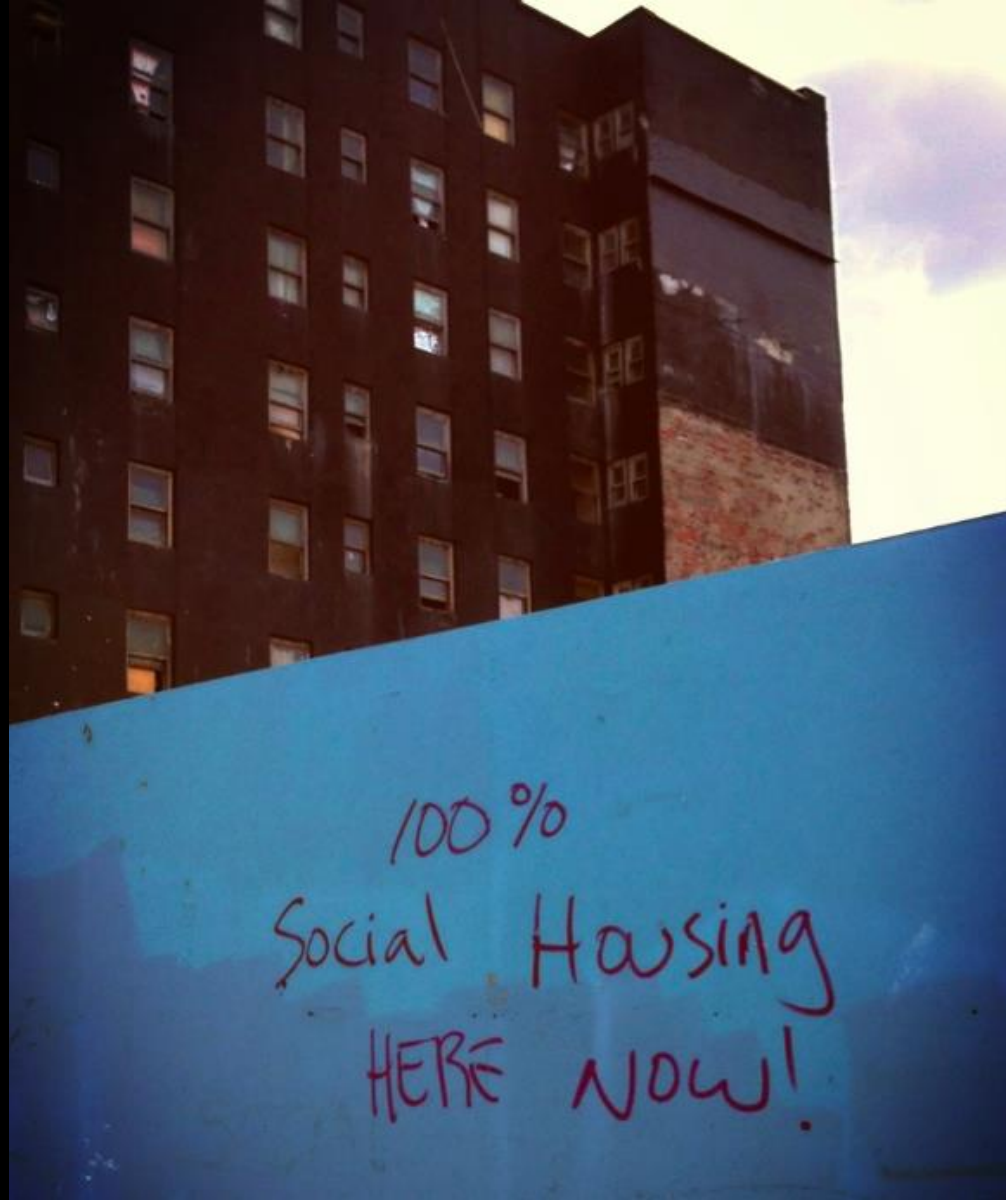
Conclusion:
The Irrepressibility of
Housing Politics



A mural by Stik on the side of Charles Hocking House, which is set to be demolished. Source: *Street Art News*, 21 November 2014.



Martha Rosler, *Housing Is a Human Right*, Time Square, New York, 1989. Source: *e-flux*, 28 January 2016.



East Hastings Street,
Vancouver, Canada,
28 April 2013.
Source: author.



Immigration enforcement officers prepare to raid a house in Southall, London, following new measures requiring landlords to check tenants' migration status. Source: Agence France-Presse, 3 August 2015.



A protest against evictions in Barcelona. Source: Fiona Govan, "Spanish homeowners rally together to fight evictions by banks," *The Telegraph*, 2 May 2012.



Signs posted outside Hackney Central Station, London, 3 October 2015. Source: author.

What would the housing system look like if it was actually designed to meet the universal need for a home?

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SQUATTERS' HANDBOOK

30p

What is Housing For?

LSE

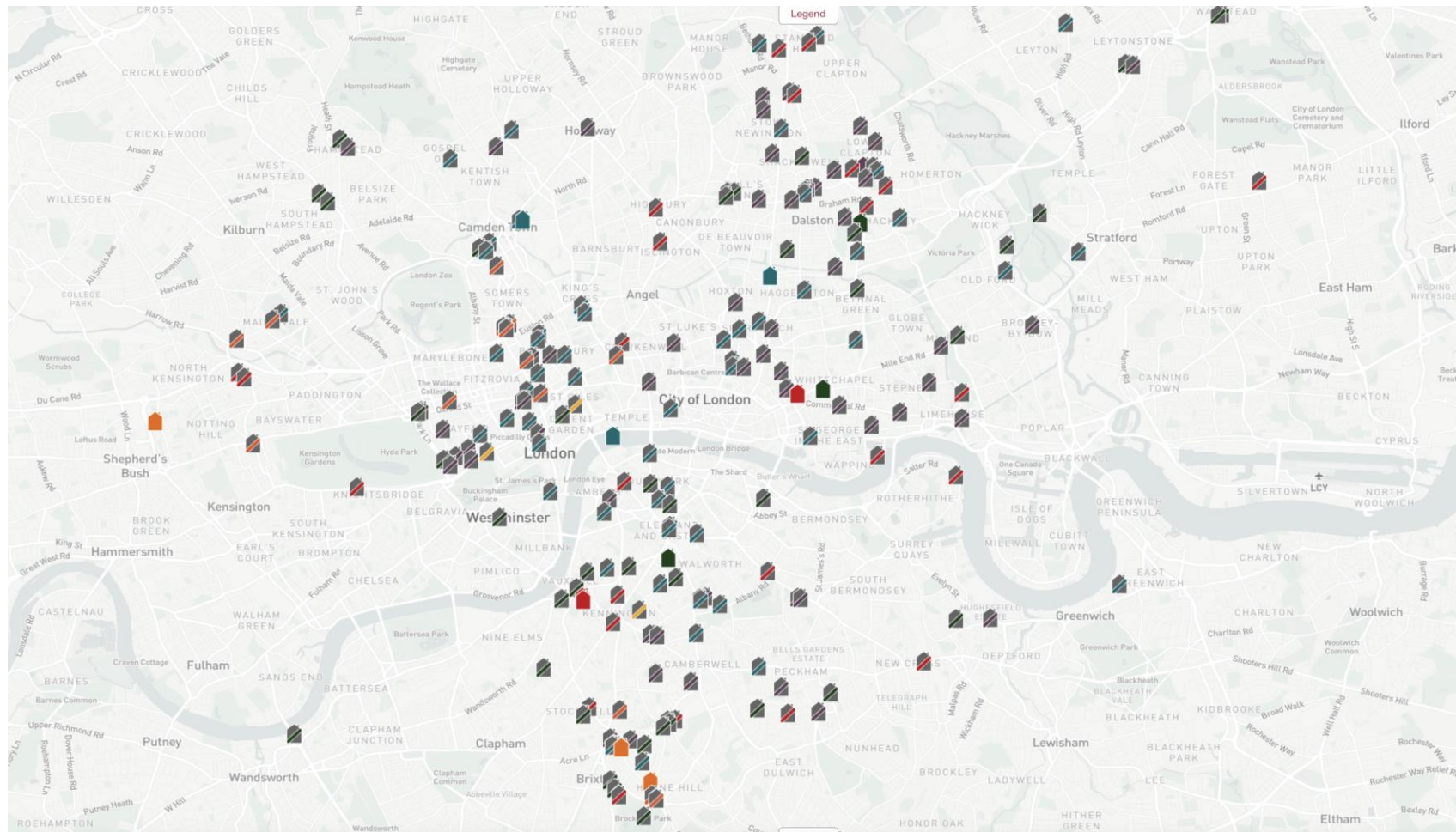
October 23

Alexander Vasudevan

→ The
Autonomous
City

A history
of urban
squatting

Alexander
Vasudevan

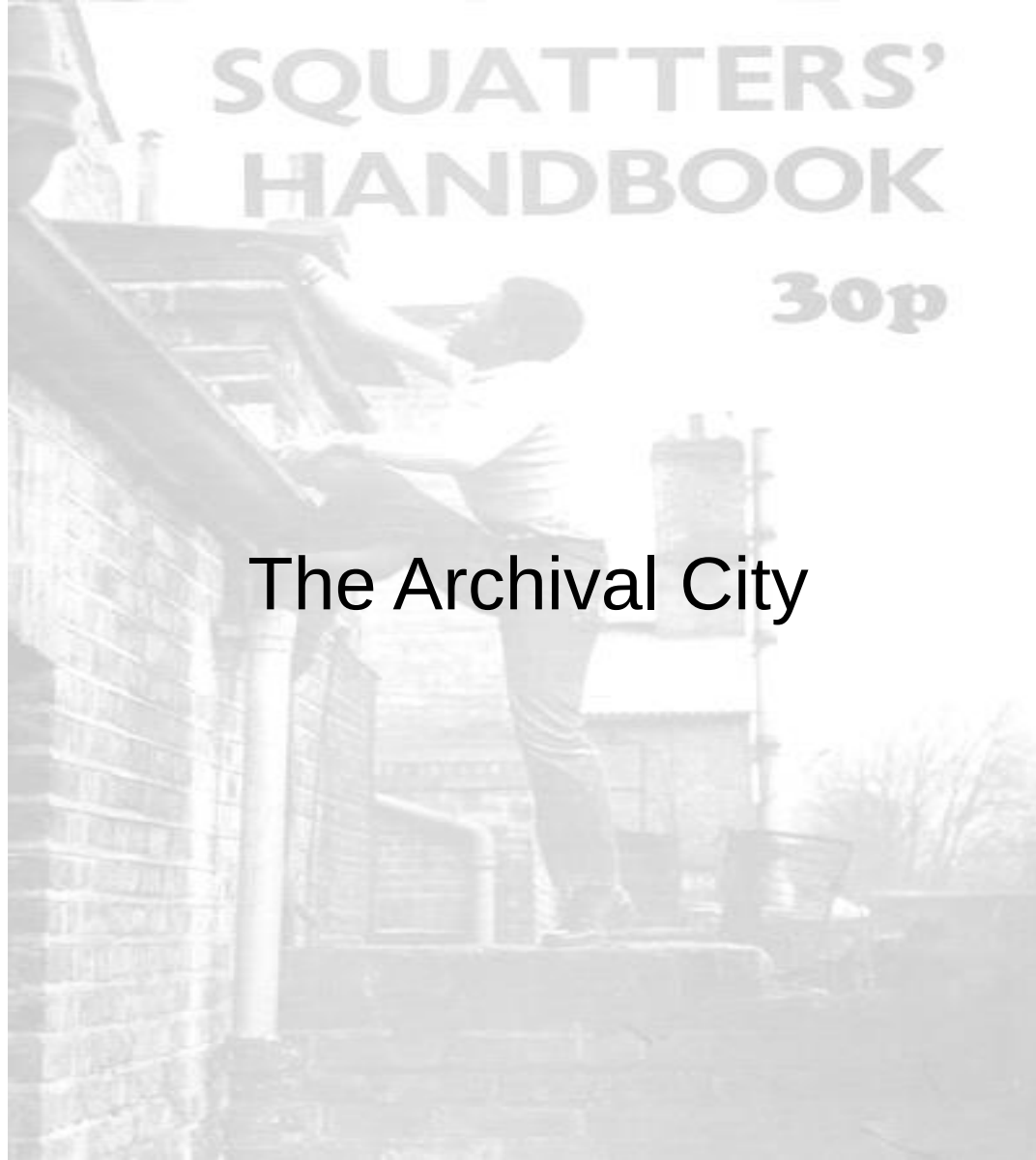


Cartographies of Protest: Squatting in London (Source: Squatting Europe Kollektive)

SQUATTERS' HANDBOOK

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The Archival City





Archiving the City: Squatters as Custodians of an Alternative Urbanism (Photo: Author)

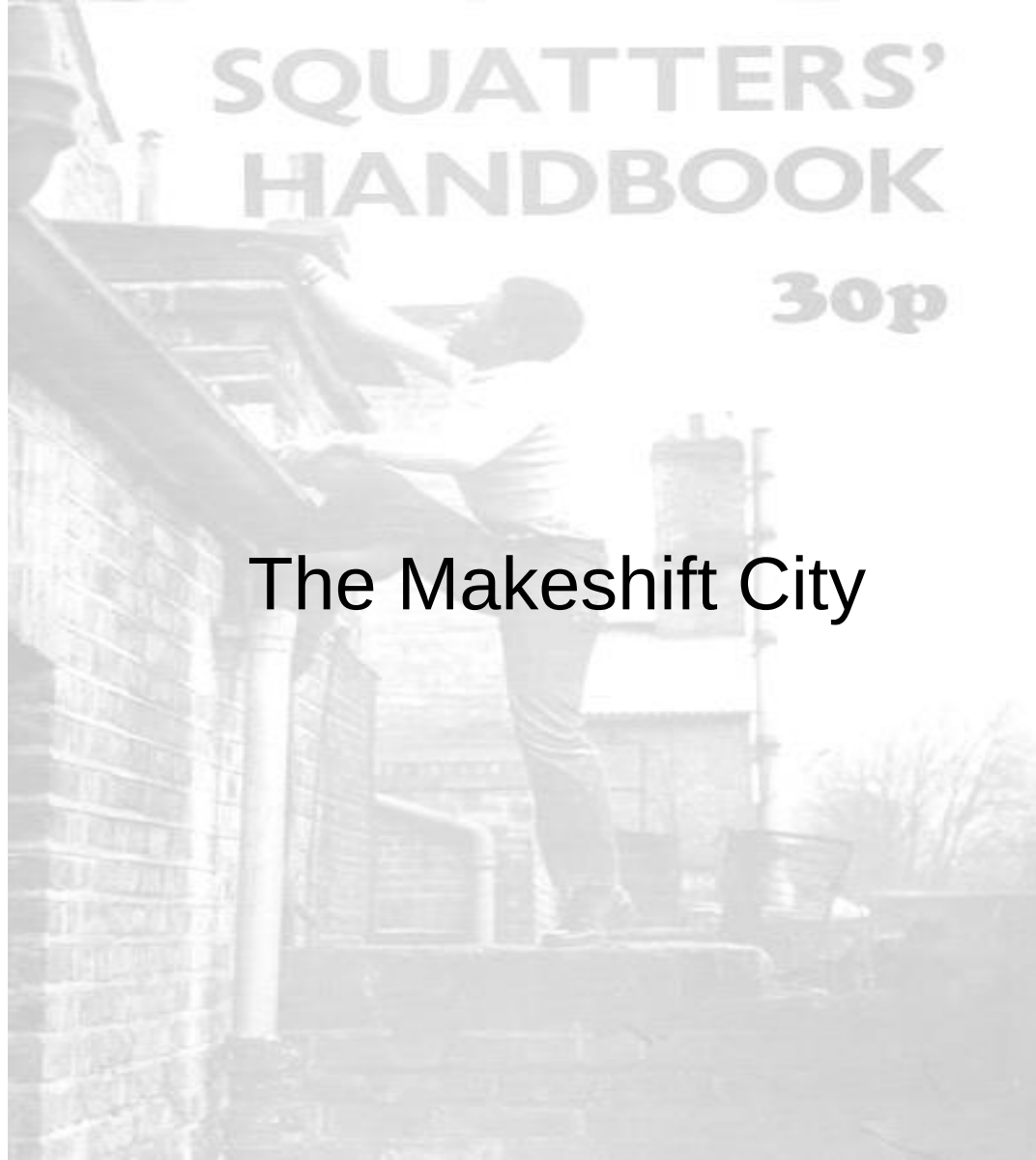


Interference Archive, New York (April 2015)

SQUATTERS' HANDBOOK

30p

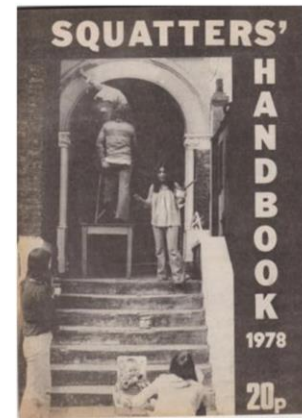
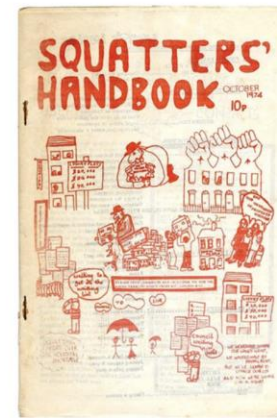
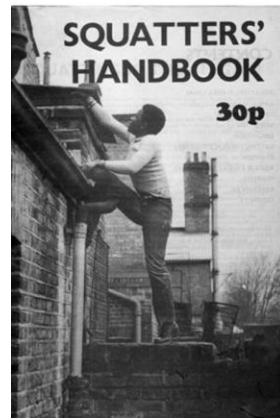
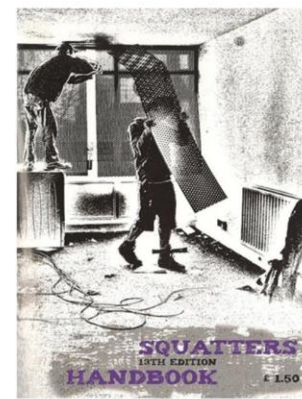
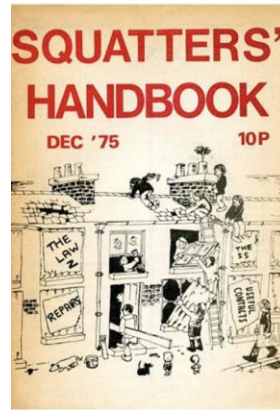
The Makeshift City





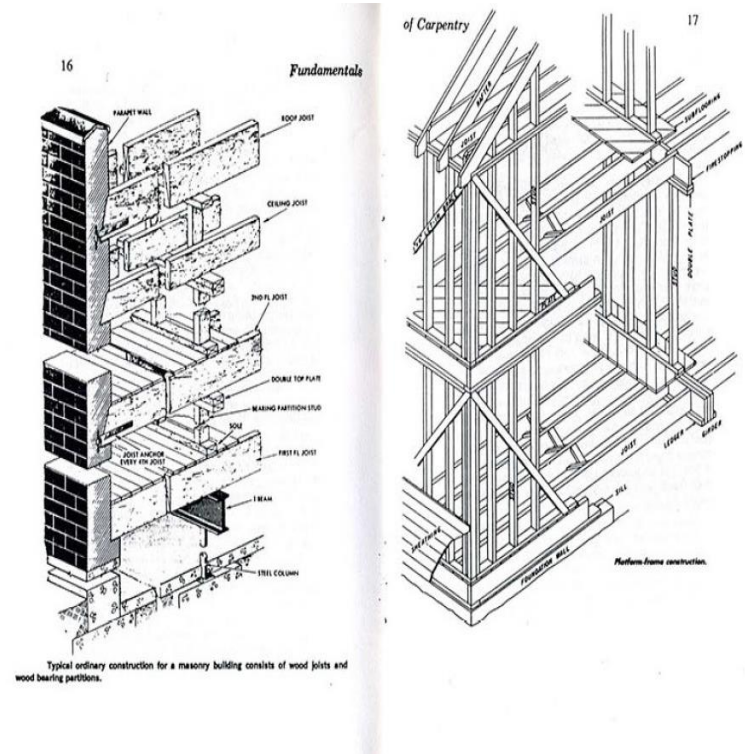
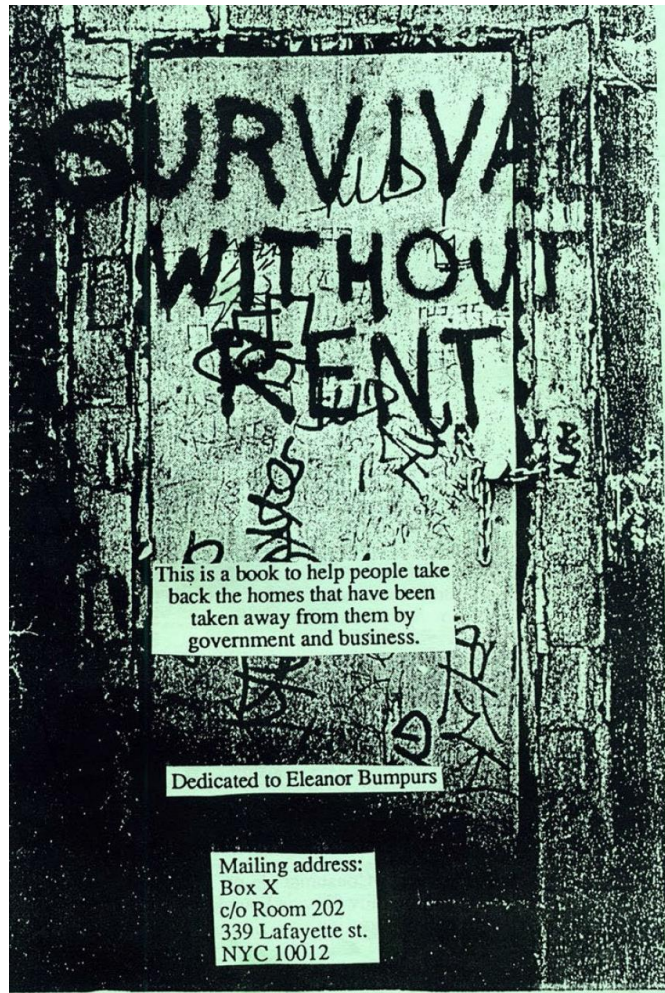
Mending and Repair in New York's Lower East Side (Photo by Ash Thayer)

Squatting as Makeshift Urbanism





Dutch Handbook for Squatters, 1969 (source Smart, 2016)



Survival Without Rent
New York Handbook for Squatters (1989)

SQUATTERS' HANDBOOK

30p

Alternative Infrastructures





Building Infrastructure: Rehabilitating Occupied Spaces in Berlin-Kreuzberg (Umbruch Archiv).

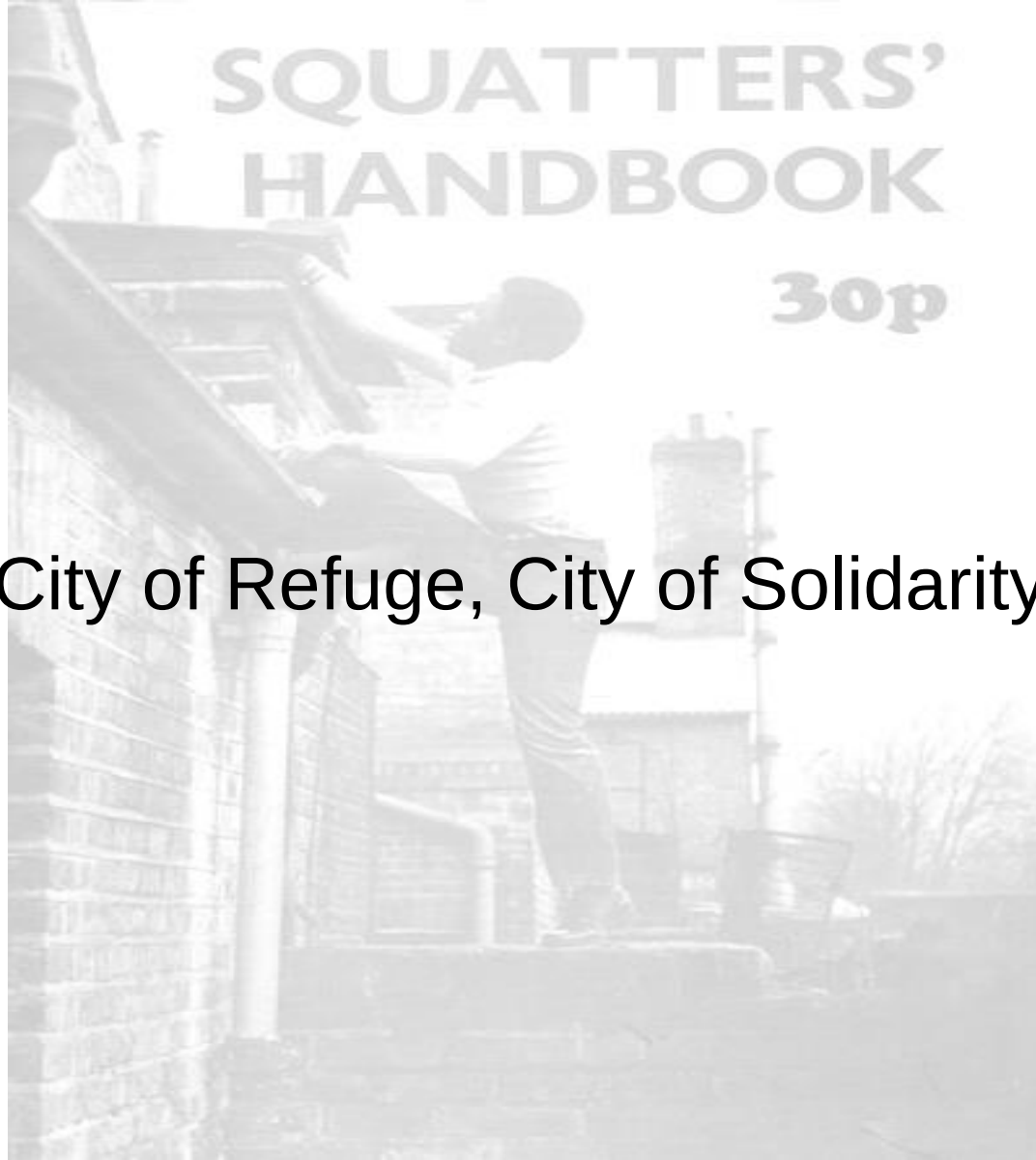


“The city as festival”: Street performance in Berlin-Charlottenburg on September 21, 1981 (Wolfgang Sünderhauf/ Umbruch Archiv).

SQUATTERS' HANDBOOK

30p

City of Refuge, City of Solidarity



DONT LET EMPTY HOUSES ROT!

In Tower Hamlets, the council's answer so far hasn't been to build more houses; or to use the 3000 empty ones.

They've set up the housing ballot as a gimmick to persuade young people that they are "in with a chance" to get a place to live. But most of us realise that the chance is very slim. So what do we do then? Meanwhile they are knocking down flats, when people haven't got places to live. And there's still money around to build office blocks!

All the authorities try to divide one group from the other. Tenants against squatters. Old versus young. White against black; married against single. They want us to beg for scraps rather than the whole working class getting together to fight for the basic things we need:

A DECENT HOME FOR ALL!!

So what can be done?

Support the fight for decent housing - for tenants and squatters - through the Tower Hamlets Housing Action Group. Weekly meetings are on Thursdays at 8.00 at Dame Colet House, Ben Jonson Road, E.1. Telephone: 790-5250.

And if you are thinking of squatting, the Squatters Union meet at 12 Aston St. on Tuesdays at 7.30. A new group of 30 East End families have taken over an empty block at Corfield St., Bethnal Green, and there's plenty more room for others.

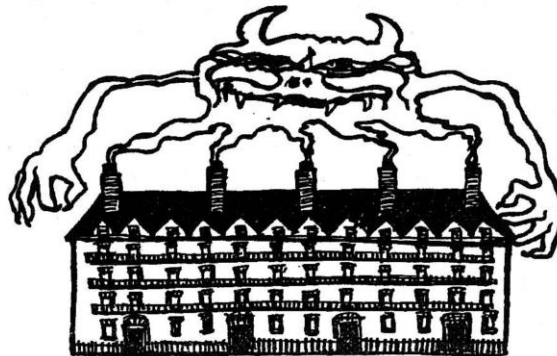
The Squatters Union are making a survey of all empty property in the Borough. Let us know of any/empty property in your area!

Remember: squatting in itself is not illegal. 30,000 people can't be wrong.

**EVERYONE NEEDS
SOMEWHERE TO LIVE!**



SQUATTERS ARE HUMAN TOO!



★ In London alone there are now 30,000 people squatting - factory workers, teachers, unsupported mothers, students, nurses, etc. - and the movement is growing all the time. In Tower Hamlets, the 'housing problem' gets worse and worse, for squatters and tenants alike. We know because for a lot of us it's our problem. Young people who want to set up on their own are unable to do so, and end up having to crowd in with their parents. And it's virtually impossible to start a mortgage, let alone ever pay it off. So the numbers of homeless keep on growing. Meanwhile, good houses are being left empty for months and years. Homes are smashed and bricked up by the authorities, only to be left unused and derelict so that people who need homes can't live in them.

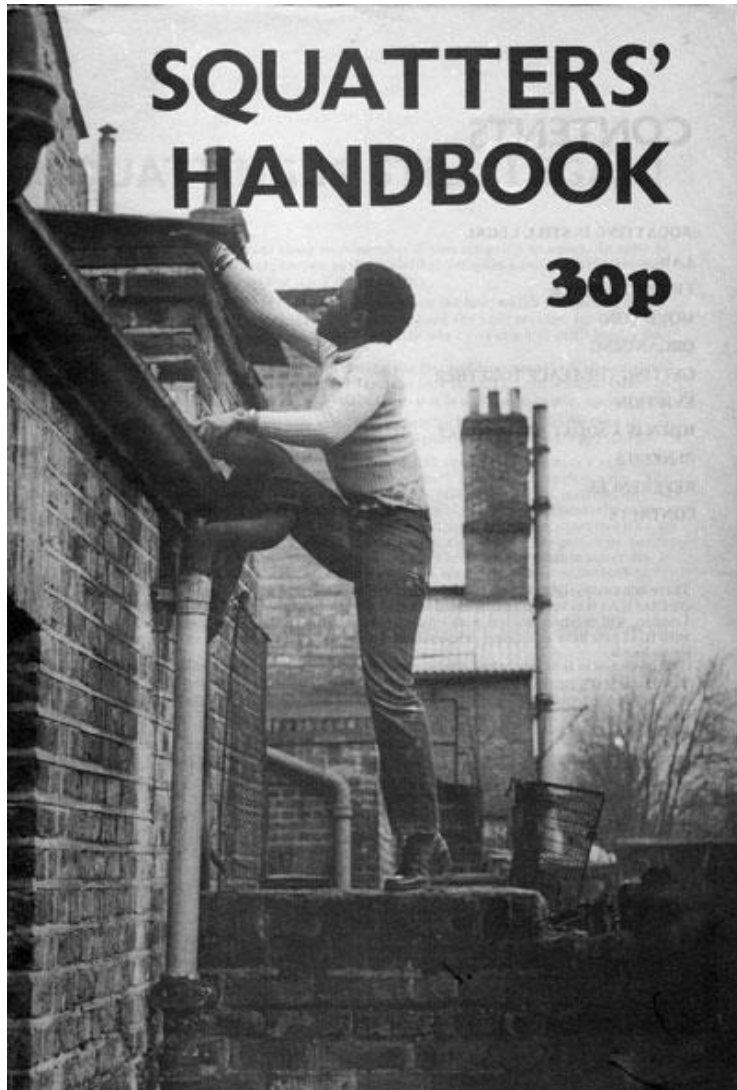
WHY WE ARE SQUATTING

Against this situation, many of us have been forced to squat to get a place to live. It's no substitute for the permanent housing that we all need. But it puts us in a position to start fighting.

One group of 58 families have occupied a block of flats in Bow - Sumner House - that the council were emptying before they even had planning permission to modernise it. On the following pages some of the people at Sumner House tell their stories of how they came to squat.



Exploring New Identities and Intimacies: South London in the 1970s
(Source: www.unfinishedhistories.com)

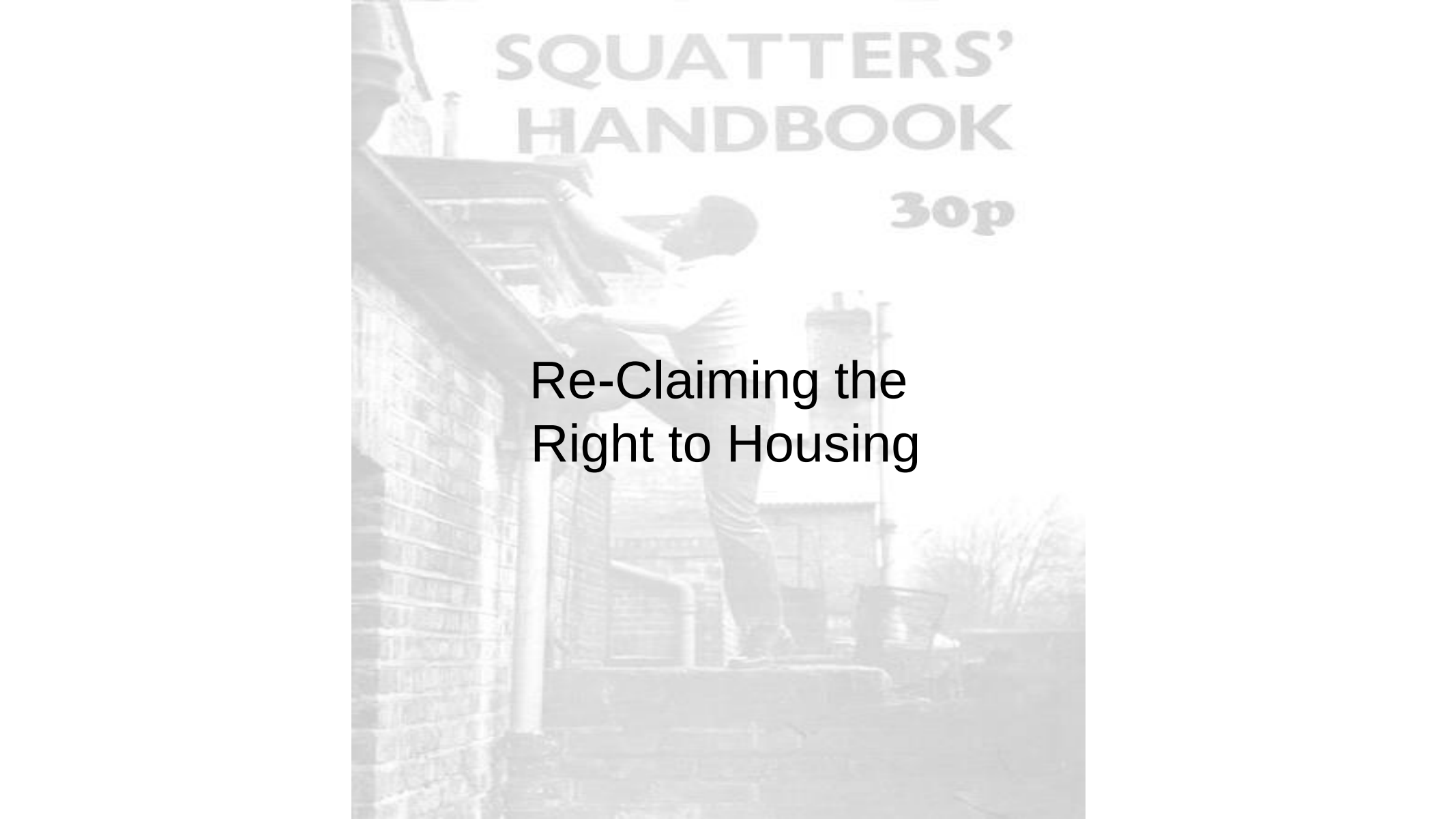


Contesting Racism and Residential Oppression
(Photo on right by Andrew Scott)



Creating Spaces of Care, Hospitality and Solidarity: Refugee Squat in Athens

(image: <http://www.ekathimerini.com/211886/article/ekathimerini/news/unknown-rightwing-group-claims-attack-on-refugee-squat>)



SQUATTERS' HANDBOOK

30p

Re-Claiming the
Right to Housing



London's Housing Crisis: Focus E15 Occupation in Newham (Photo: Author)



Challenging Austerity: Sisters Uncut Occupation of Former Holloway Prison
(Source: pasttenseblog.wordpress.com)

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What Is Housing For?

LSE Department of Sociology Public Lecture

Anna Minton

21.10.17

BIG CAPITAL



Who is London For?



ANNA
MINTON

'Fierce, incisive, important. Anyone who lives or works
in a building should read this book' Will Self

Life at the Top

- Is linked to life at the bottom
- UK - & Western economies – more unequal than ever before
- Thomas Piketty's 'Capital in the 21st Century'
- Income from rent greater than growth & wages
- Casino style property economy
- Focus on super rich & foreign investment – which is linked to displacement communities & destruction public housing

- ‘Surrounded by boxes yet again, about to move knowing that we will be moving again in the new year. I have cleaned and painted the new flat and it’s still a dump with damp patches and a moth eaten carpet throughout. I am 46 and I have lived in over 30 houses and I still have no security.’
 - Jan, graduate, earns £40K & partner works, 2 kids, one sleeping under the stairs





THE
RES
IDE
NCE
KING OLGA

MARKETING SUITE











‘The Monaco group’

- ‘Globos’, ‘Stateless MBA beings’, ‘globogarchs’
- ‘Alpha’ parts London home to most billionaires & UHNWI in the world, Notting Hill, St John’s Wood, Highgate
- Panama papers, offshore
- ‘Lights out London’ – same in Manhattan

‘Trickle down’

- Isn't it good for a city to attract wealth & investment?
- Wealth does trickle down, but doesn't benefit poor, displaces them
- Old elites displaced from Kensington & Chelsea, move out of London & buy their kids homes in zone 3, Peckham, Acton, Forest Gate gentrify, displace existing residents out of London
- Soaring rents & poor conditions

Gentrification?

- ‘One by one, many of the working class quarters of London have been invaded by the middle classes...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 a district is changed.’
 - Ruth Glass, 1964
- ‘Super gentrification’ parts of New York, Barnsbury, Nottting Hill

This is not gentrification

- Speed of capital flows into London & other cities bears no relation to 1960s-2000s
- Piketty's Capital in the Twenty First Century – rate of return on rent greater than economic growth
- Post 2008 crisis, QE, London as tax haven & policy – 'state led gentrification'









Why?

- Ironical demolishing affordable housing at time of acute housing crisis
- 'Sink estate' narrative – government & Labour councils
- State-led gentrification and the 'rent gap'

‘City of Villages’

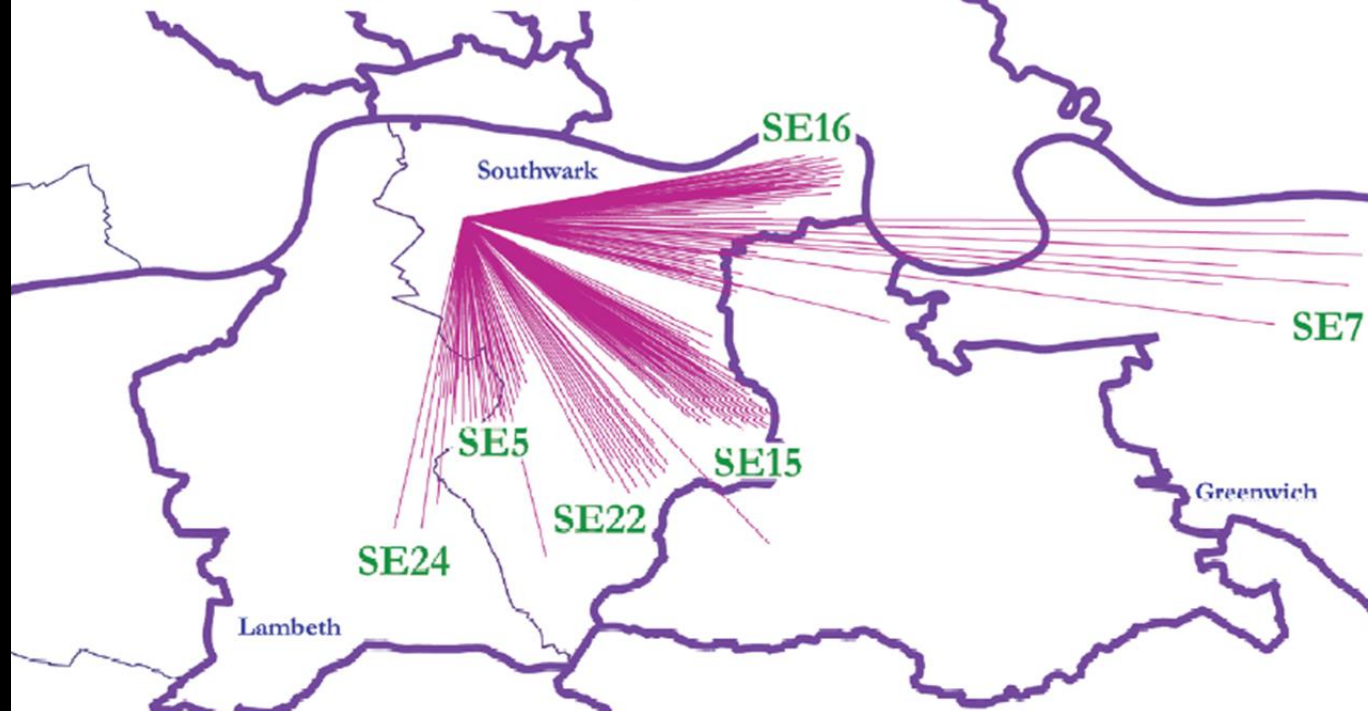
- “The scale of council-owned land is vast and greatly under-appreciated. There are particularly large concentrations of council-owned land in inner London, and this is some of the highest-priced land in the world. The local authority planning regime has got to adapt properly to the potential for [market-priced rent] developments.” Lord Adonis interview in the Financial Times.
- Labour peer appointed chair of the National Infrastructure Commission
- Adonis & Savills ‘City of Villages’ report seen to give official seal to demolition agenda

Prices from £750,000 to £1 million for a 2
bed



HEYGATE ESTATE TENANTS' DISPLACEMENT MAP

from former Heygate site SE17

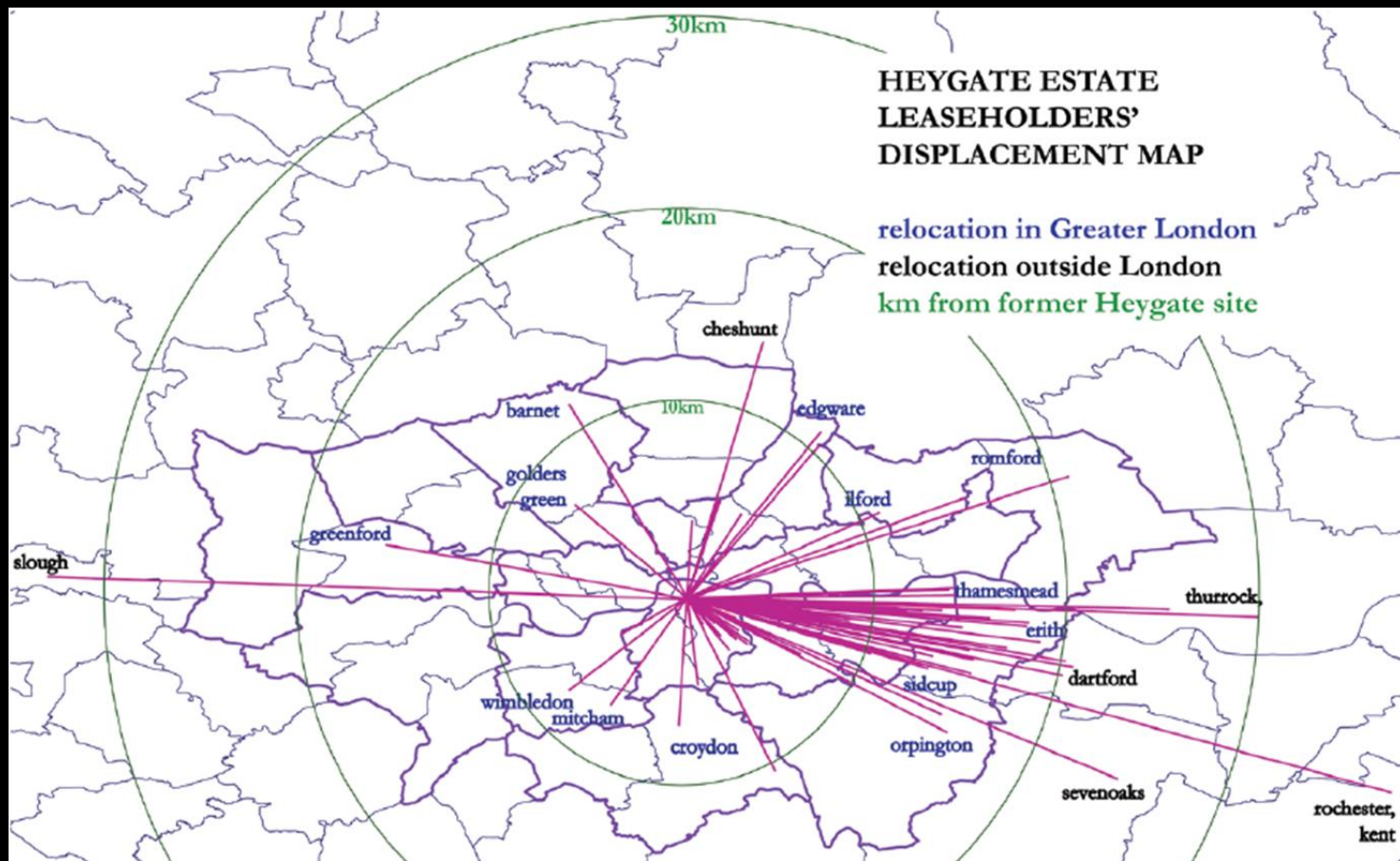


HEYGATE ESTATE LEASEHOLDERS' DISPLACEMENT MAP

relocation in Greater London

relocation outside London

km from former Heygate site



Death of social housing

- 'From bricks to benefits'
- 25 years of Right to Buy
- Stop building council homes & rely on private renting
- Tories don't believe in social housing
- The 'social rent straitjacket is symptomatic to the post war construct' – Policy Exchange
- Rise of Buy to Let & shift to private rented sector, paid for by benefits

Marketisation housing benefit

- 40% of council housing owned by private landlords wt rents 3/4X higher
- 1/3 social housing private rented
- Housing Benefit bill paid to private landlords doubled from £4.6 billion in 2006 to £9.3 billion in 2016
- While tenants evicted & moved out of London as rising rents & capped benefits means HB no longer covers the rent

Generation Rent

- 'Rent to rent' – bed spaces
- No regulation private rented sector
- 'There are more regulations to run a cattery than a home' – Betsy Dilner
- Poor conditions, lack of repairs, landlords add toilet and stove into a studio and rent it as a flat – 5/6 'flats' in 2 bed house





A new London

- Up to 100 estates demolished & many more planned while every part of London an 'opportunity area'
- Won't all be built but 300 towers already are
- Nine Elms - 227 hectares, 30 private estates including US Embassy & Battersea Power Station
- Southbank from Wandsworth to Vauxhall, Southwark to Blackfriars
- Gated enclaves, high security, guards & surveillance

What is Housing For?

- Housing as public good & human right, rather than financialised commodity & 'safe deposit box'
- The 'Right to the City'
 - Lefebvre, enshrined in UN Habitat III
- The city as a contested space, not a market-led monoculture
- End casino economy & monopoly big housebuilders
 - Land Value Tax, Zurich model
- Democracy – 'estate regeneration'/demolition
 - Nexus councils, lobbyists & developers
- Public housing is not a problem – Vienna/Scandinavia etc – build more housing but the right housing

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