

Unite briefing



MIPIIM UK:

Carving up our communities



**How global property developers
are moving in on our homes**

**Say NO to MIPIIM UK
October 2014**



MIPIM – The world's largest property fair comes to the UK

'Le marché international des professionnels de l'immobilier' is the International Market for Real Estate Professionals – MIPIM.

MIPIM is the world's largest property fair, running for 25 years in Cannes, France, doing deals that are profitable to developers but Unite argues are harmful to communities.

Now, for the first time, it is holding a UK conference at London Olympia, 15 – 17 October 2014.

MIPIM UK describes itself as a 'property trade show'. It brings global property development companies together with local authorities and other 'partners' to 'close deals', often involving public land. Among the workshops at Olympia is one titled 'Investing in affordable housing: Is it worth it?'

Unite fears that MIPIM UK will super-charge the housing crisis. Developers want to demolish more council estates: over 20 are currently under threat across London. And it won't stop there. The property speculators are eyeing up similar deals for other public services like the NHS and transport. Another seminar at MIPIM UK is called 'Exploring healthcare: Opportunities for the property industry'.

The UK is in the grip of a housing crisis.

Thirty years of treating housing as a vehicle for speculative investment has caused this crisis.

Public and social housing has been marginalised yet owner-occupation aggressively promoted with government subsidies.

Buy to Let (BtL) is back and booming, incentivised by substantial tax breaks accounting for 15% of mortgage lending in 2014. By inflating house prices, the BtL market reinforces inequality, making it harder for younger people to find a home.

As owner-occupation becomes out of reach, young people stay with their parents or in rented accommodation for longer (*The Guardian* 2014). 'Generation Rent' is forced into expensive, insecure and often sub-standard private renting because there's no alternative.

Successive governments have slashed budgets for council housing. Meanwhile, property developers like those at MIPIM UK build as little non-market housing as they can get away with, often using public land.

Who owns Britain?

MIPIM participants are the landowners and developers who have profited during the housing crisis.

The development industry is notoriously secretive, preferring to 'do business' behind the closed doors of MIPIM UK than in public, democratically accountable forums. Yet the industry has a huge influence over local planning and housing decisions.

Landowners

Land ownership and property development is now a multi-billion pound global industry. Most of the big landowners in the UK are based overseas.

However, at least a third of UK land is still owned by the aristocracy and super rich – including the royal family – who also benefit from substantial tax breaks at public expense (*Country Life* 2010).

There are also thousands of acres of unused land owned by public authorities and pension funds.

Here are a few examples of how the MIPIM UK forces are carving up our communities.

The tycoons

The UK's no. 1 property tycoon: China-based Wang Jianlin of the Dalian Wanda Group has £10.4bn worth of property. His company, Wanda One, will be at MIPIM, looking to do more deals like the one at Nine Elms, south London where a local councillor describes how 'the council (Wandsworth) has put the interests of property developers before those of local people' by allowing only a small percentage of the 9,000 proposed new homes to be for social rent.

Mayor Boris Johnson has also allowed Dalian Wanda to halve the number of jobs the scheme was supposed to provide (BBC 2014).

The scale of the UK housing crisis

The numbers that matter:

- 1.8 million households on council waiting lists (DCLG 2014)
- 26% rise in homelessness
- 75% increase in rough sleeping (*The Guardian* 2014)
- 56,930 households in temporary accommodation (House of Commons 2014)
- 1.8 million households who can't afford to buy a home in their area (Shelter 2013)
- 13% increase in private sector rents since 2010 (BBC 2014)
- 40% of salaries spent by private renters on rent (*The Independent* 2014)
- £80,000 salary needed to rent a so called 'affordable' 2 bed home in London
- £25 billion expected Housing Benefit bill by 2017

Many of the developers involved in the Nine Elms project, as well as the council involved, will be at MIPIM.

The UK's no. 2 landowner: Henry Cheng Kar-Shun, of the Hong Kong-based Knight Dragon conglomerate, valued at £10.27bn. His company recently purchased the entire 147 acre Greenwich Peninsula regeneration area (*Financial Times* 2013). Most of this formerly public land was decontaminated using £180m of public money.

In January 2014, Knight Dragon also took a controlling interest in Pinnacle, a private company providing caretaking and other housing services to many local councils and housing associations across the UK. Pinnacle made £1bn profit in 2013, but does not always pay its staff the living wage.

In March 2012, Pinnacle became one of the first 'for profit' providers of social housing. Property consultants Savills, who recently described council estates as 'brownfield estates', also own part of Pinnacle. **Knight Dragon and Savills are both attending MIPIM.**

The Duke of Westminster: His family's ownership of UK land and property can be traced right back to the 16th century. His company Grosvenor controls £12.5bn of property around the world, including £8bn in the UK. Grosvenor recently sold four London houses for £114m to Wainbridge developers, who are redeveloping the site for 11 'super-prime high-end residential' apartments with an estimated value of £350m. **Grosvenor Group is attending MIPIM.**

The developers

Big developers have become increasingly powerful and profitable. Their revenues increased by 40% between 2010 and 2013 (*Guardian* 2014). They reduce housing for local communities by controlling supply and 'land banking' development land, often with planning permission.

The Big Five – Barratt, Taylor Wimpey, Persimmon, Berkeley, and Bellway – dominate the sector, controlling 35% of the market. According to the Royal Town Planning Institute (RTPI), the Big Five own almost 500,000 plots of land, half of them with planning permission, the other half as 'strategic' land banks. The RTPI says this land could accommodate almost 3 million extra homes.

Four of the Big Five – Barratt, Berkeley, Bellway and Taylor Wimpey – are attending MIPIM UK.

Developers use a range of tactics to avoid building homes that people on low and medium incomes can afford. They hire expensive consultants and lawyers (many of whom will also be at MIPIM) to manipulate the planning system that is meant to ensure local housing targets, based on need, are met.

- The Crown Estate and Duchy of Cornwall, owned by the royal family, claim that building low cost homes is 'unviable'. At its largest development in Bingham, Nottinghamshire, the Crown Estate has cut the number of affordable homes by 10%. There are 804 households on the local waiting list.
- The Argent development group is developing the massive Kings Cross site. It claims to have a long-term interest in regenerating the area. But in Birmingham it 'flipped' the Brindleyplace development to the USA-based Real Estate Investment Trust (REIT) for £190m. Argent had bought the site only 20 years earlier, for £3m. Despite substantial support for the Brindleyplace scheme from Birmingham City

Council, all of the 143 homes built were for private sale.

- The whole country spent £9bn on the 2012 London Olympics, but one of the real winners is Australian-based Frank Lowy, owner of the Westfield Group (valued at £3.9bn). Westfield owns hundreds of shopping centres around the world, including White City, west London, where Mayor Boris Johnson has approved a plan for the company to build 1,300 new homes, of which only 5% will be for social renting.

Argent Group, Westfield, and Mayor Boris Johnson are all attending MIPIM

The Bureau of Investigative Journalism (BIJ) found that 60% of the biggest housing developments currently in the planning system are falling short of local affordable housing targets, preventing thousands of cheaper homes being built. The BIJ also found that London's leading property developer St George plc, part of the Berkeley Group, repeatedly persuaded councils that having larger affordable housing quotas would make schemes 'unviable'. **Berkeley Group is attending MIPIM.**

Affordable to whom?

Even where affordability targets are being met it is important to note that the definition of 'affordable' includes rents of up to 80% of the market rate. This puts many of the so-called affordable properties beyond the reach of the majority of working families in many areas.

In many parts of London it is estimated that for a family to afford a 2-bedroom 'affordable' property at the 'affordable' level would need a salary of around £80,000 per year.

The private sector wants our public land

Public authorities get a discount to attend MIPIM UK. That is because private developers want the thousands of acres of 'surplus' public land in the UK.

In recent years, valuable sites have been virtually given away, often with remediation and infrastructure costs thrown in at public expense.

Transport for London, chaired by Mayor Boris Johnson, is one of the largest public sector landowners in London. It is currently attempting to change land development regulations, making it much easier for private companies to develop public land in London.

Numerous regeneration projects around the country have featured massive wealth transfers from public to private hands, with very minimal returns to local communities.

- In Manchester, the council has invested £19m of public money on a commercial-led redevelopment of the First Street area. There will be offices, hotels and restaurants, **but no affordable housing on the site.**
- In Leeds, a Private Finance Initiative (PFI) scheme to redevelop the Little London area **demolished council homes and did not replace them with the new homes** the area needs.

- In 12 areas, including Hull, Newcastle, North Staffordshire and Oldham, an attempt to use the private housing market to 'renew' local communities – at a cost of over **£2bn in public money – had to be scrapped** (House of Commons 2013).

MIPIM is being welcomed by Ministers and Mayor of London Boris Johnson as part of the drive for market-led 'redevelopment' – despite the fact that huge amounts of public funding, land and resources are being channelled away from public housing and into the hands of private developers.

Unite believes that councils and public bodies are pressured by a combination of government, developers and funding cuts to use publicly-owned land for majority-private housing development.

As housing costs rise in London and the south of England, increasing numbers are forced to move out of the city, to areas as far away as Birmingham and Newcastle. There was a 129% rise in the number of households who were placed outside London by local authorities in the second quarter of 2013 compared to the previous year (*The Guardian* 2013).

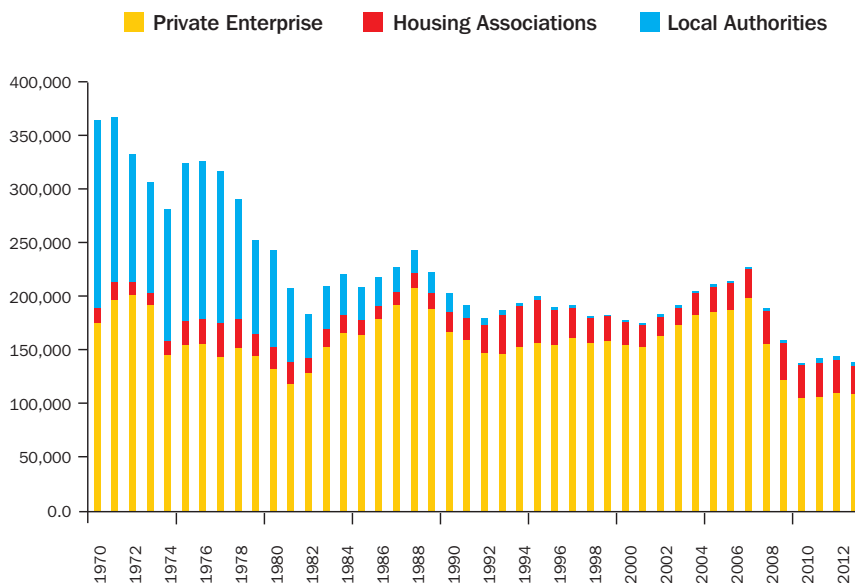
As well as stress on public services in the areas people move to, families, friendships, and support networks are broken up as people are forced to leave their communities.

Private builders don't build public homes

Britain has become reliant on the private developers for the overwhelming majority of its housing supply. But they're not building the homes we need.

This table shows how the number of homes built has fallen with neither developers nor housing associations able to fill the gap left by cut backs in council house building.

House building in the UK is now at its lowest rate since before the second world war. In 1975, 185,000 council homes were built. In 2013, it was fewer than 1,000.



UK housing completions by tenure, 1970–2012 (Source: DCLG live tables)

Say NO to MIPIM

The 'partnership' model of MIPIM UK fails to meet the needs of ordinary people.

The 'Say No to MIPIM' campaign is led by people at the front-line of the housing crisis, in all housing tenures, whether social housing, private rented or leaseholders. It is a network of local housing action groups, as well as unions and community groups.

Unite backs 'Say No to MIPIM'. We are committed to campaigning for a change in housing policy to put people before profits, starting with:

A massive programme of council house building: Let's bust the myth that council housing is a drain on public finances. It is not. On the contrary, council tenants' rents have generated a surplus. This was then siphoned off by the Treasury. Decent, green council housing means lower energy bills, reduced fuel poverty and hundreds of jobs.

(see 'Council Housing: Time to invest' (2007), House of Commons Council Housing Group)

Regulation of landlords: Rent controls (which work in Sweden, Germany, and parts of the US) could work in the UK. Tenants also need better rights and security.

Housing markets left unregulated do not meet housing need. Instead, they substantially increase the wealth of a small number of individuals and companies at the expense of the mass of the population.

Urgent steps must be taken to address the housing crisis, by local and national government. New sources of finance can and must be found for building new council properties.

The millions in housing need cannot be left to the mercy of the property speculators. We urge local authorities throughout the UK; say NO to MIPIM.

How to get involved

Opening protest – #blockBoris: Wednesday 15th October from 9am, meeting outside Kensington tube, Olympia Way, W14 0NE.

Alternative conference Cities for People, Not for Profit: Thursday 16th 3pm - 8pm and Friday 17th 10.30am - 4pm, Guilford Street, Russell Square WC1N 1DF.

Closing protest – Paper round the Houses: Friday 17th October from 5pm, meeting at Parliament Square.

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