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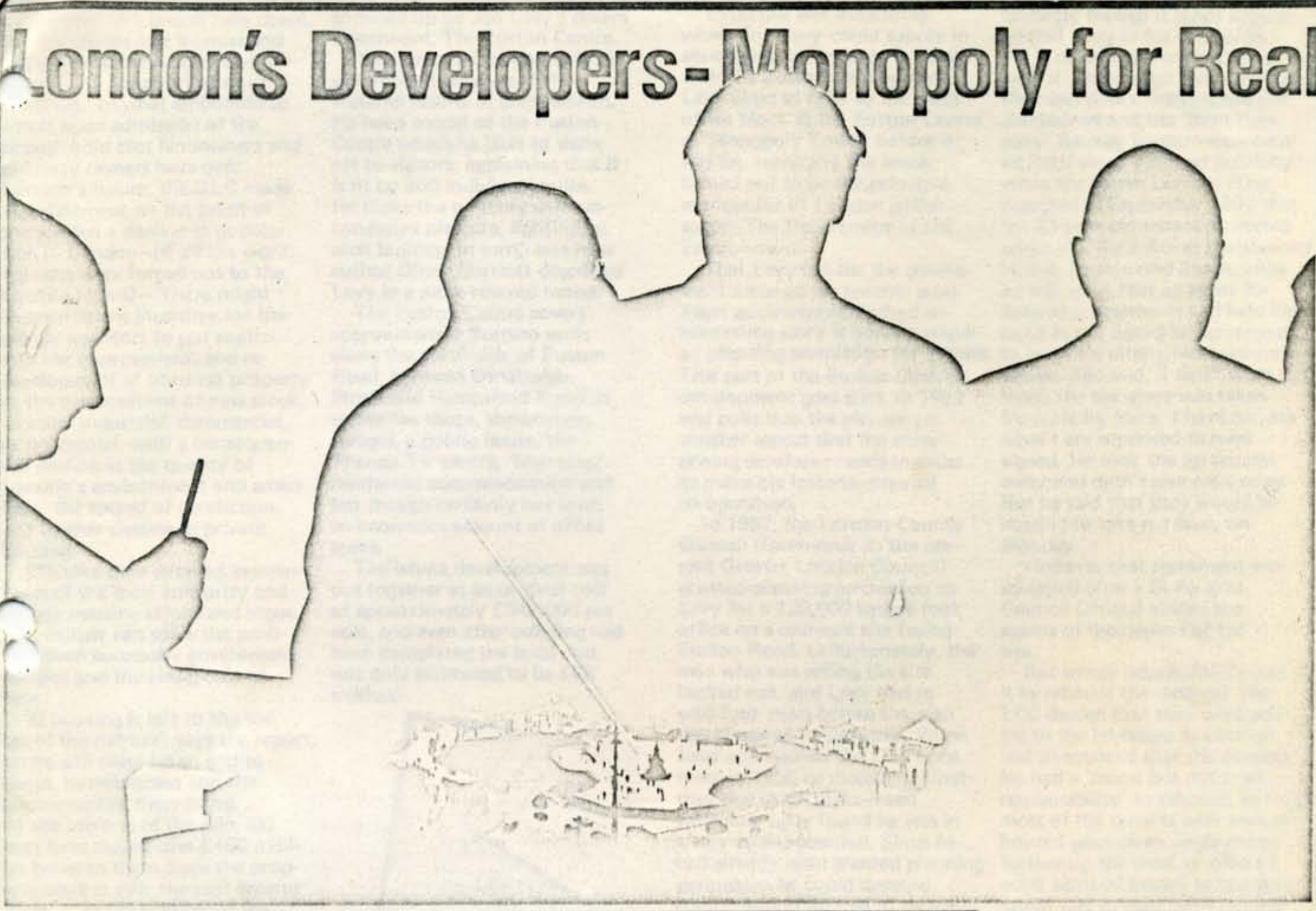
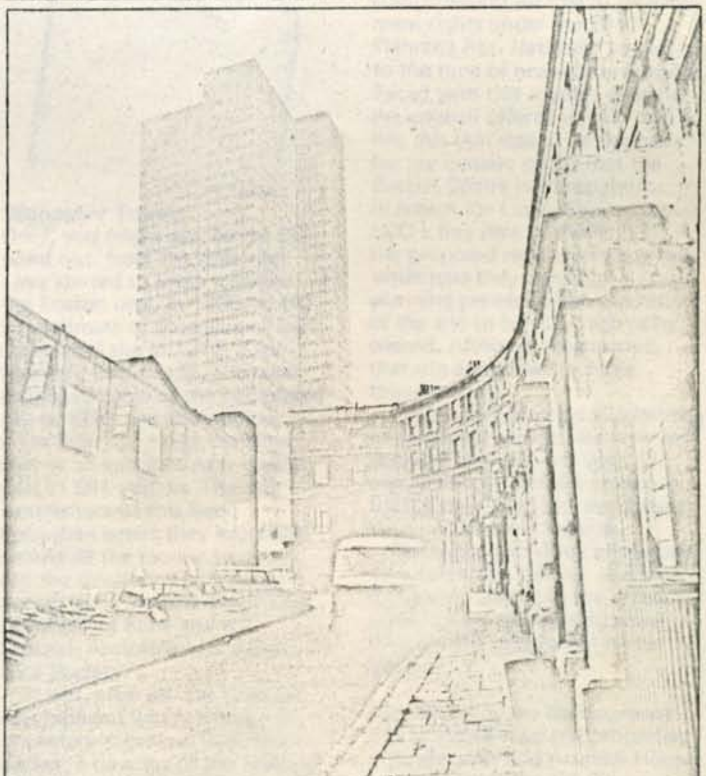
London's Developers-Monopoly for Real





'We live in a society where over 100 people have each made more than £1 million 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'.

So begins the largest and to date the most ambitious of the Anti-Reports' by Counter Information Services, published today (Thursday). Unlike their previous 'anti-reports' which have all been concerned with the workings of individual companies, the latest document is an analysis of 'the recurrent crisis of London'—the inevitable split between the needs of property developers and the increasingly desperate plight of the homeless.

The 68-page report appears at a time when the activities of property speculators and the plight of the homeless are continually in the headlines. From the South Bank, through the West End and Covent Garden up toward Kings Cross and the Angel back down the Euston Road, the power of the developers pound is has been felt. Alongside their activities has occurred the planned destruction of the central working class communities and a process of 'gentrification' embarked on to provide homes for the middle income, middle class families. But whilst

Top: The faceless developers examine a model of the 'new' Piccadilly. Below: Euston 'Monopoly' Towers seen from Tolmer Square—itself facing development.

the price of house property (both rented and purchased) escalates beyond the means of most, so developers take fatter profits. What CIS have done is to draw clearly the inevitable link between private property and homelessness. They bring together in one dossier, facts and analysis on the property market and how it works, on who owns London, the housing crisis and the planners' attempts to cope with it.

The Report's central argument is that all these points are related and cannot be solved without a frontal challenge to the stranglehold of private property owners and developers. It is hard to appreciate the scale of the problem, because—despite the so-called political differences between the major political parties—government, councils and particularly planners are committed to supporting private property and private housing. But it has to be a finely balanced line. Probably the most important single exercise in planning for London's future has been the Greater London Development Plan (GLDP) produced by the GLC. It has to marry the needs of the speculators to the interests of its middle class ratepayers while trying not to forget the important position that the workers have in actuallymmaking sure the capital keeps on running. They themselves are caught on the horns of a dilemma: 'If London runs down, the developers lose interest and if it expands the mad escalation and and house prices must continue.' In what amounted to a near open admission of the stranglehold that landowners and property owners have over London's future, the GLC made this statement on the event of too sudden a decline in population in London—(if all the working class were forced out to the satellite towns)—'There might be insufficient incentive for the 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.'

CIS take on a detailed examination of the local authority and private housing efforts and argue that neither can solve the problem given successive government policies and the rising cost of land.

'If housing is left to the forces of the market', says the report, 'there will never be an end to slums, homelessness and the human misery these bring... At the top end of the pile, 100 men have shared over £400 million between them from the property market over the past twenty years... at the bottom of the pile thousands of people have no home, millions live in foul conditions. Who is holding who to ransom?'

Stock Conversions prize exhibit

Probably the best example of the wide ranging nature of property speculation is the analysis of Mr Levy and Stock Conversion Investment Trusts. The name is probably unknown to most people who live and work in London, but it is certain that if you haven't heard of him you will probably have already, or will soon experience the kind of development he and his company undertake. It typifies the principles of private property development from large conglomerates all the way down to the small companies which buy up and convert working class slums into 'town houses'.

Stock Conversion and Investment Trusts are currently involved in all the speculative schemes under way in the capital—Piccadilly Circus, Covent Garden and Hays Wharf in Southwark.

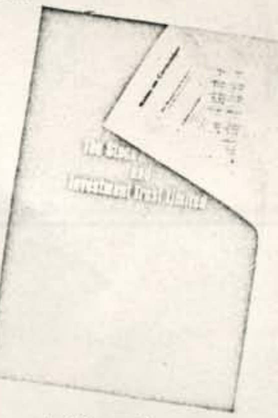
A measure of Stock Investments standing is that in fifteen years, two of the directors of the company and their families have each made £40 million from their activities.

Perhaps their style, and indeed the nature and style of all property development is best summed up by Joe Levy's dream investment, The Euston Centre.

'Joe Levy is a tycoon with an uninhibited pleasure in the material results of great wealth. He has a model of the Euston Centre which he likes to show off to visitors, explaining that it is lit by 800 individual bulbs. He flicks the switches with unconcealed pleasure, lighting up each building in turn,' was how author Oliver Marriott described Levy in a more relaxed mood.

The Euston Centre covers approximately thirteen acres along the north side of Euston Road, between Osnaburgh Street and Hampstead Road. It comprises shops, showrooms, garages, a public house, the Thames TV centre, 'high class' residential accommodation and last though certainly not least, an enormous amount of office space.

The whole development was put together at an original cost of approximately £348,000 per acre, and even after building had been completed the total cost was only estimated to be £16 million.



'Monopoly Towers'

Only, you might say, but as CIS point out, from the time that Levy started to piece together the Euston deal, in 1956, to the last estimate of the value of the completed site in 1972, a fortune had been made. The total estimated value of the completed site in 1972 was £80 million, more than five times the total cost or an extraordinary capital gain of £64 million. The sole benefactors of this have been the owners: they borrowed almost all the money to carry out the development by negotiating fixed interest loans from the Midland Bank and the Scottish Amicable Life Assurance Society.

It was, after all, the kind of development which banks and financiers in general love. David Barber, a director of the Midland Bank Finance Corporation, summed up the attitude that banks and insurance companies share towards property development and speculators in this memorable quote to the Estates Times in 1972—'We supply the money, they supply the expertise'.

Expertise was something which Joe Levy could supply in abundance, and supply it he did with the Euston development. Levy liked to refer to the main office block at the Euston Centre as 'Monopoly Tower' before it was let. Ironically the lessee turned out to be the principal monopolist of London office space—The Department of the Environment.

That Levy can list the government amongst his tenants is no mean achievement. Indeed an interesting story is how he acquired planning permission for the site. This part of the Euston Centre development goes back to 1952 and pulls into the picture yet another aspect that the enterprising developer needs in order to make his fortune—council co-operation.

In 1952, the London County Council (forerunner to the present Greater London Council) granted planning permission to Levy for a 120,000 square foot office on a one-acre site facing Euston Road. Unfortunately, the man who was selling the site backed out, and Levy had to wait four years before the man was prepared to sell again. When Levy approached the LCC once more in 1956 he discovered that they had other plans—road widening. Levy found he was in a very strong position. Since he had already been granted planning permission he could demand compensation for loss of development rights under the 1947 Planning Act. Naturally he did, to the tune of one million pounds. Faced with this massive demand the council offered a 'deal' and it was this that was to be the basis for the massive profit that the Euston Centre has brought in. In return for Levy allowing the LCC a free slice of the land for the proposed road widening—the underpass they would give Levy planning permission on the rest of the site to build as high as he wished. Although fragmented, that site amounted to some thirteen acres.

Levy conducted his acquisitions of property through nominess on occasion and the part the LCC played was almost like having 'a fourth estate agent in the consortium', in Marriott's words.

Having acquired the properties they had to be cleared: and then it became clear what the effect would be on the housing situation and the creation of homelessness.

The effects of the development

CIS examined two old properties—Carisbrooke and Arundel Houses—which were affected. The dilapidated buildings contained over forty rented rooms and flatlets, and the tenants were poor by any standards. All sorts of things happened before all the tenants were finally persuaded to leave, according to the CIS research, though it is not suggested that Levy or his companies knew of or had anything to do with it. Locks were removed from the main doors; lighting was not maintained and the 'front company' Balgray Investments—earned itself some very bad publicity when the North London Press reported in September 1962 that '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 that they would be coming to take me away on Monday.'

However that agreement was scrapped after a St Pancras Council Official visited the agents of the owners of the site.

But whose responsibility was it to rehouse the tenants? The LCC denied that they were adding to the homeless in London and announced that the developers had a 'moral but not legal responsibility' to rehouse. In fact, most of the tenants who were rehoused were given single rooms further up the road, or offered small sums of money as compensation and to help 'with buying' furniture for new flats.

Apart from the offices, a few flats were built in the Euston Centre, but, as the report says, they could hardly have been offered to the tenants who were forced to leave. The rents at Jellicoe House at the centre are, for example, over £1,000 per annum. Ironically, the high rents in Jellicoe House have not stopped one man who has a special interest in the development—Mr Ernie Sames—from living there. Mr Sames was chief planning officer with the old LCC in 1956, the body which originally struck the 'deal' that meant the whole development could be undertaken. He takes credit for innovating comprehensive planning of the Euston Centre type where local authorities can eventually carry through their own plans if developers are given a free hand. Indeed he criticises some of his former colleagues in the LCC planning Department for being too slow to think 'commercially'. And quite right too, for today Mr Sames is planning consultant to DE & J Levy—Joe Levy's associated firm of Estate Agents.

The Recurrent Crisis of London: CIS Anti Report on Property Developers, 68pp available from Counter Information Services 52, Shaftesbury Avenue, London W1, price 60p.