

WESTMINSTER HOUSING COMMISSION

Speech given to the Housing Commission from Cllr Simon Milton, Leader of Westminster City Council

6 September, 2005

Good afternoon,

Can I start, Chairman by expressing my thanks to you and members of the Commission for agreeing to undertake this work. Establishing a commission of inquiry of this kind is a new initiative for Westminster and we are delighted to have such a distinguished and expert group willing to give their time to assist the City. We look forward to listening to your deliberations and receiving your report in the fullness of time.

The title of this slot is "This is Westminster" and you have been provided with a fairly comprehensive statistical overview of the City, its demography and the views of our residents.

I don't intend to repeat what you can already read for yourselves.

Instead, I would like to use my slot to set out how it feels on the ground and the draw some explicit links with housing issues and the key questions you will be tackling.

The Audit Commission has judged Westminster an excellent council for the last three years. We recently submitted ourselves to a Peer Review which stated that our excellent status was justified and praised the council's vision and strategic leadership.

Over the last four years we have been pursuing a strategy called Civic Renewal which started with the premise that Westminster had been very successful but that it needed to regenerate its social and physical infrastructure to meet new challenges.

The Peer Review commented that we communicate a clear set of objectives around providing excellent services, strong communities and a global city function.

What makes Westminster unique, in my opinion, is the huge amount of activity and demand within a relatively compact geographical boundary. This leads to significant competition between competing interests that the council must balance in its decision making.

As you will see, commercial activity is a major part of Westminster's raison d'être. More people work here than in any other local authority in the country including the whole of Manchester or Leeds or Birmingham. The pressure for

growth in commercial space is immense and at various times in the economic cycle, can crowd out demand for new housing.

Westminster's is also the UK's largest entertainment centre with a growing demand for late night activity which does not generally make a good neighbour in areas where people live.

The pattern of development in Westminster means that there are no clear demarcations between residential and commercial areas. Go to almost any commercial street and look above street level and you will find people living. In Old Compton Street in the heart of Soho's nightlife there are hundreds of people on the electoral register.

Despite having some of the highest land and property values in the western world, Westminster is also a magnet for those who have the least. We have more rough sleepers and more people suffering serious mental illness seeking housing than anywhere else in the country.

And the vibrant jobs market and tolerant and open culture of London means that we are also the preferred destination of immigrants to this country. Whether it be asylum seekers, East European labourers or others seeking a better life.

So with all these competing demands it is no wonder that housing is one of our greatest challenges.

When I first became a councillor seventeen years ago, the great fear was of declining population within cities and the difficulties people faced getting on the property ladder in central London. We worried about the fact that the population was polarising between those who could afford expensive private housing and those who qualified for social housing by virtue of being the poorest in society. For key workers or those on middle incomes, finding housing was very challenging.

In seventeen years we have seen governments and housing ministers come and go and a range of different national initiatives on housing.

And whilst population is now rising rather than falling, the challenges we face are very similar.

I have never known a time when demand for housing in Westminster has so exceeded supply.

This is in part due to population growth due to both higher birth rates and net inward migration. Westminster is rightly a very attractive place to want to live. A recent Channel 4 property programme rated it the second most desirable location in the country based on a complex formula. For many years, we have emphasised quality of urban life as a key council priority and used our planning policies aggressively to make additional housing a top priority. Our success, coupled with the obvious attractions of a vibrant economy and job

market have meant that we are a first choice location for many people regardless of the comparative difficulty in securing accommodation.

But the imbalance is also due to the fact that our ability to increase the supply of new housing has been steadily eroded as a result of changes in government housing policy and funding and the operation of the market.

Both of these pressures are set to continue over the next few years. Each year, more people meet the reasonably high threshold to qualify for social housing than we have vacant units that come up. So each year the backlog of people in temporary accommodation waiting for re-housing grows. There are currently over 3,000 families in TA who spend anywhere between 2 and six years there depending on the size of flat they need.

A subsidiary but equally real problem is that of overcrowding. The problem may seem hidden in that there is no bill at the end of the month for temporary accommodation but the impact in social terms can be very damaging leading to family breakdowns, poor educational attainment and anti-social behaviour.

Realistically, there is not much we can do about demand since we don't want to make the City less attractive. However, there are legitimate questions that can be asked about allocation of existing housing.

Should the council continue to prioritise the creation of social housing for which you generally have to be economically inactive to qualify for rather than key worker accommodation that would meet the needs of those in lower paid work in the public and private sectors and support the economy?

How should the council balance the competing demands of immigrants or the statutory homeless who may have skills but little connection to Westminster with the children of indigenous residents of our current social housing?

How realistic is it to expect the council to find housing in central London for families that choose to have large numbers of children?

These are sensitive issues and ones which we as politicians have to make decisions but we would welcome the views of the commission on issues of allocation as well as any recommendations you may wish to make for government to consider about how existing legislation distorts allocation decision-making.

But your main area of focus I suspect will be in the area of supply.

You will read in the briefing paper from the Housing Department of how recent changes in housing policy nationally and regionally have had an adverse effect on supply of new housing in Westminster.

We are now reliant on delivering new units through planning gain plus whatever nominations we can achieve through the new sub-regional arrangements.

So my first question is whether you believe we are currently maximising our potential through existing channels?

You will be aware of the current discussion with the ODPM about how Westminster's planning policies can best achieve increases in affordable housing. There is a difference of opinion about the impact of requiring different percentage levels of affordable housing. However, I would expect those discussions to be concluded one way or the other before you are in a position to report. But the impact of the planning system in Westminster on the delivery of housing is of course a key issue. And your eventual recommendations will need to take into account the planning policy context that is ultimately adopted.

But as I have said, our current sources of housing supply, even if made more efficient at the margin, fall well short of need and demand.

So we are hoping that the Commission will be able to make recommendations about how we can increase the supply of new affordable housing at all levels within Westminster using the broadest definition of affordable housing including home ownership and key worker housing.

Are there mechanisms that we should be considering that we are not?

How might we take greater advantage of the private rented sector, which plays a disproportionately large role in Westminster, compared to elsewhere?

Where might the council reasonably seek to intervene in the operation of the market that would have beneficial outcomes?

And how can we ensure that the quality of whatever new housing is provided is appropriate? We don't want to repeat the mistakes of the past, which led to the creation of social ghettos which breed deprivation and anti-social behaviour. Your views on securing sustainable housing will be particularly welcome.

There is of course, a new and very real opportunity about to emerge. The sale of the council and Dolphin Square Trust interests in Dolphin Square is imminent. Contracts are on the verge of being exchanged and once complete, the deal will provide for an immediate injection of £80 million into a new independent housing charity with up to a further £20m over the next few years. This makes it the largest housing charity ever set up in the UK.

The charity will be independent of the council and will make its own decisions. But the articles of the charity state that in formulating its strategy, it will have regard to the council's housing needs and housing policy.

So the work of this Commission will be a vital part of informing the way the new charity carries out its remit.

This is no easy task for the reasons I have set out. We have called upon your help because we don't believe we have got the solutions to all of these problems. Indeed some may not have solutions and one useful outcome may well be an acknowledgement that there will always be unmet demand for housing in the centre of London.

But fundamentally, we believe it is right and desirable that people are able to live in the heart of central London. We reject the sterility of major American cities which demarcate between the commercial centre and residential suburbs.

We believe that it is its residential communities that give Westminster its vibrancy and attractiveness as a place to work and visit. We are not the City of London.

And as those currently charged with the stewardship of the City we are adamant that we must retain our residential communities and that we must make them stronger.

Thank you.