
**WESTMINSTER HOUSING COMMISSION
BACKGROUND PAPER No 3**

***HOUSING POLICY & PRACTICE
IN WESTMINSTER***

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Westminster City Council
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INTRODUCTION

This background paper sets out the national, regional and local context for Westminster's housing policies, and outlines the strategic priorities which currently provide the framework within which housing issues are addressed in the City.

At the heart of London, and as one of the most expensive parts of the country, Westminster faces many challenges in the provision of housing. There are demand-side pressures associated with strong population growth, affordability issues, the relative disadvantage of a proportion of the population, and the changing nature of demand from a population with diverse housing needs.

There are also supply-side pressures associated with the type of housing stock that exists and its ability to meet changing demands, the high cost of developing in the City, and the availability of funding to support provision of subsidised housing.

These pressures are outlined in the following pages. Part 4 of the paper sets out Westminster's strategic housing priorities, concentrating on those most relevant to the work of the Westminster Housing Commission – the provision of affordable housing, and renewing the neighbourhoods in which Westminster's most disadvantaged residents live.

This paper concentrates on provision of affordable housing. General residential development is covered in Background Paper No 4: Planning Policy Drivers.

PART 1: CONTEXT

The Communities Plan

In February 2003 the *Sustainable Communities Plan* was launched, signalling the Government's long term strategic intentions for housing. The Plan comprised a £22 billion package of investment over the three years to 2005/06. Key objectives of the plan were:

- to increase housing supply in high demand areas – primarily London and the south east;
- to tackle low demand and associated problems in the north;
- to improve housing to meet the decent homes standard;
- to regenerate deprived areas; and
- to link housing with a broader sustainable communities agenda, e.g. neighbourhood renewal and regeneration, and the civic leadership role of local authorities.

The Communities Plan also set out the Government's intention to create four growth areas in the south east - Thames Gateway, Milton Keynes, Ashford, and the M11 corridor; and established regional housing boards with responsibility for preparing regional housing strategies and advising ministers on the allocation of housing funding in each English region.

In London, this led to the creation of the London Housing Board (LHB) and five sub-regional housing partnerships that now largely shape London's affordable housing investment decisions (see below).

The Government's five-year plan for housing

In January 2005, following the report of the Barker Review of housing supply, the Deputy Prime Minister updated the Communities Plan by publishing the Government's latest five-year housing plan - *Sustainable Communities: Homes for All*. The Government is keen to achieve a better balance between housing availability and the demand for housing in each region, and has called for a step change in the supply of new housing in London and the wider south east to combat the current housing shortage and the increasing unaffordability of homes.

Tackling homelessness features strongly in the Government's five-year plan. It was here that a commitment to halve the number of households in temporary accommodation by 2010 was announced, and then followed up by the release in March 2005 of *Sustainable Communities: settled homes, changing lives* – the Government's strategy for tackling homelessness.

The Government is also keen to promote home ownership and has proposed a number of new schemes to support those on moderate incomes onto the property ladder, particularly through subsidised shared equity products.

The London Housing Board and the London Housing Strategy

The London Housing Board (LHB) was established in March 2003, following publication of the Communities Plan. Chaired by the Government Office for London, other members include the Association of London Government, English Partnerships, the Greater London Authority, the Housing Corporation, and the London Development Agency. Regional housing boards were charged with: producing regional housing strategies; advising ministers on the allocation of housing capital investment in their region; and ensuring housing and other key regional strategies are better integrated (particularly housing and planning strategies).

The LHB has just published its second London Housing Strategy, for the years 2005-2016. The strategy has two key priorities: increasing the number of homes; and building sustainable communities (including reducing homelessness, creating mixed communities and improving the quality of homes). As with the London Plan¹, the strategy has a target to produce at least 23,000 new homes a year while aiming towards 30,000. While this is below the level required to meet London's housing needs, it is seen as a realistic target given current levels of production and capacity to deliver. The strategy states that new homes are needed in all parts of London, but recognises that the Growth Areas will be the areas providing a substantial proportion of these new homes.

Westminster was originally set a target² of producing 974 of the additional homes required per year. However, following release of a revised London Housing Capacity Study in 2005, the target has been reduced to 705 per year. This reduction is in recognition of the future scarcity of sites within Westminster.

In terms of affordable housing, the London Housing Strategy aims to "increase the output of new affordable housing, especially social rented housing, to reduce the backlog of housing need and...[meet] new need. In particular, the strategy aims to increase numbers of larger social rented homes to combat overcrowding. And, the strategy aims to consider the existing spread of social housing when locating new affordable homes to help encourage more mixed-tenure neighbourhoods and a more balanced mix of tenures across the capital." The strategy confirms the London Plan target that 50% of new homes be affordable and, within that, 70% should be social housing and 30% intermediate. The strategy also recommends that 35% of the Housing Corporation social housing programme for 2006-2008 be allocated to homes with three or more bedrooms.

The Government has accepted a recommendation of the Barker Review that better integration between housing and planning would be achieved by merging regional housing and planning bodies, and transferring responsibility for preparing regional housing strategies to regional assemblies. This means that, in future, the Mayor of London will be taking on responsibility for preparing the London Housing Strategy and advising Ministers on the allocation of housing capital investment in London.

¹ The London Plan is London's spatial development strategy. It is produced by the Greater London Authority. See Background Paper No 4 for more detail.

² Borough housing targets are set out in the London Plan.

Sub-regional housing partnership

Within London, sub-regions are the level at which Housing Corporation funding for new development and home ownership initiatives is provided. London has been divided into five sub-regions and Westminster is in the North London sub-region, along with Barnet, Camden, Enfield, Haringey and Islington.

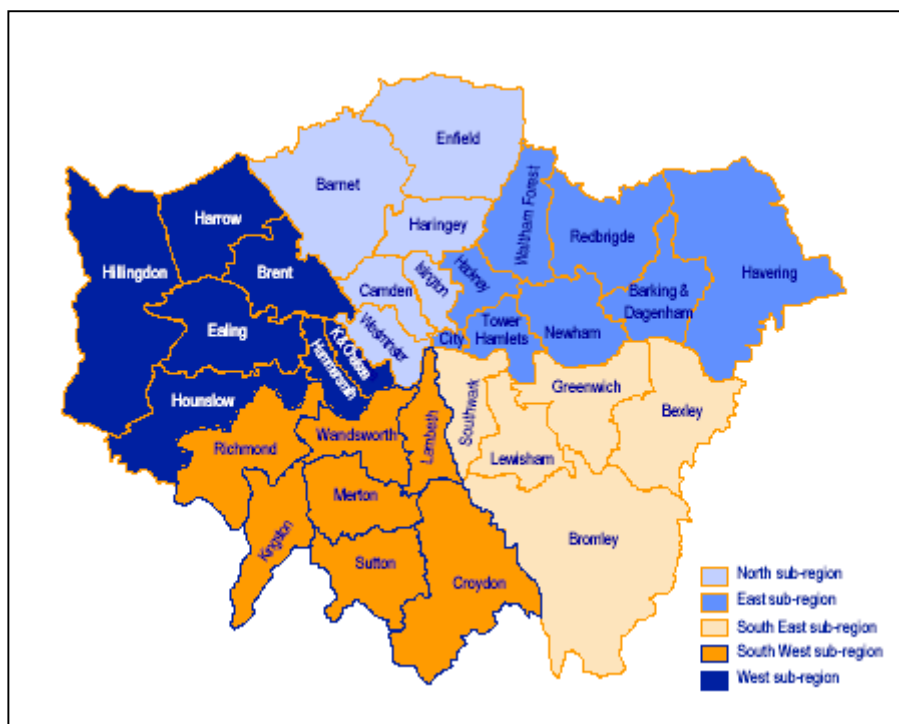


Figure 1: Housing Corporation London Sub-regions

Investment decisions are now therefore made across a wider geographic area than a single local authority. The sub-regions have been formed to join boroughs with more limited land opportunities with those that have greater scope for development, in the hope that pooled resources will generate greater development opportunities for all boroughs while also enabling mobility for residents.

It should be noted that the housing sub-regions differ from London's planning sub-regions – Westminster is a Central London borough for planning purposes, working with neighbouring boroughs as well as those across the river.

Since the sub-regions were formed in early 2003, individual boroughs have had less direct control over the levels of housing investment in their own areas, as decisions are largely made at the sub-regional level. Sub-regional arrangements are still in their infancy and will need to be monitored closely to see they produce the desired outcomes. Pressures associated with the sub-regional approach are discussed in Part 3 of this paper.

At a local level, Westminster's housing priorities are set out in the Westminster Housing Strategy 2004-09. They broadly mirror both the national and regional priorities. Further detail is provided in Part 4 of this paper.

PART 2: WESTMINSTER'S HOUSING DEMAND PRESSURES

Population growth

Westminster has experienced considerable population growth in recent years. This is projected to continue, with the population reaching more than 250,000 by 2021 (see Background Paper No 1 for further information). The number of households is projected to increase by 64,000 between 1991 and 2016. This leads to considerable demand for new housing of all tenures.

Affordability

Westminster is one of the most expensive places in the country in which to rent or purchase a home. With the average price of a flat in Westminster nearing £460,000, it is virtually impossible for those on low to middle incomes to purchase a home in the City. Even in the very cheapest parts of the City, prices are prohibitive. There is therefore a heavy demand for housing at sub-market levels.

The various intermediate market products on offer to the City's key workers have attracted some interest. At the end of May 2005, there were over 700 applicants approved for the schemes operated under the Government's Key Worker Living programme.

The vast majority of applicants wish to purchase through the Homebuy scheme, which enables them to purchase a property on the open market, with the assistance of an equity loan for eg 25% of the property price. This is seen as favourable to shared ownership schemes through which a rent payment is made on the unowned equity. Intermediate rent options are even less popular than shared ownership. With rents at about 80% of market rents, they are still largely unaffordable in Westminster.

Westminster "Key Worker Living" Approved Applicants (@ end May 2005)				
Category	Homebuy	Shared Ownership	Intermediate Rent	Total
NHS	190	47	40	277
Education	140	32	22	194
Police	186	31	12	229
Prison	2	1	0	3
Probation	4	1	0	5
Local Authority	21	5	5	31
Total	543	117	79	739

Figure 2: "Key Worker Living" Approved Applicants at May 2005

Demand for social housing

There are nearly 5,500 households on the Council's waiting lists in priority need for affordable housing. While these lists are regularly reviewed to check continuing eligibility, the numbers remain high and rarely drop below 5,000. A significant proportion of the demand is from homeless households and existing tenants requiring a transfer.

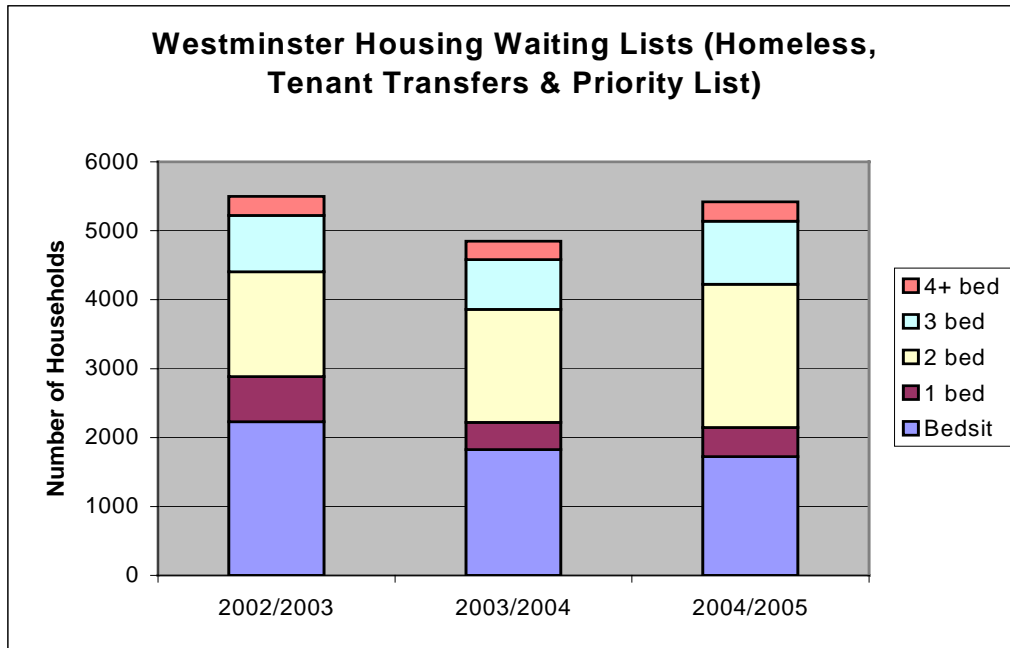


Figure 3: Westminster Housing Waiting Lists

A feature of the City’s affordable housing demand is that much of it arises from those with little or no connection with Westminster (see Figure 4 below). Of those accepted as homeless in the year to March 2005, only 44% (490 households) had lived in the City for more than three of the last five years. 278 households (25%) had lived in Westminster for only 6 of the previous 12 months, while 257 households (23%) had no local connection at all (ie, they had moved around so much that they had not established local connection to any borough at the time of their application to Westminster).

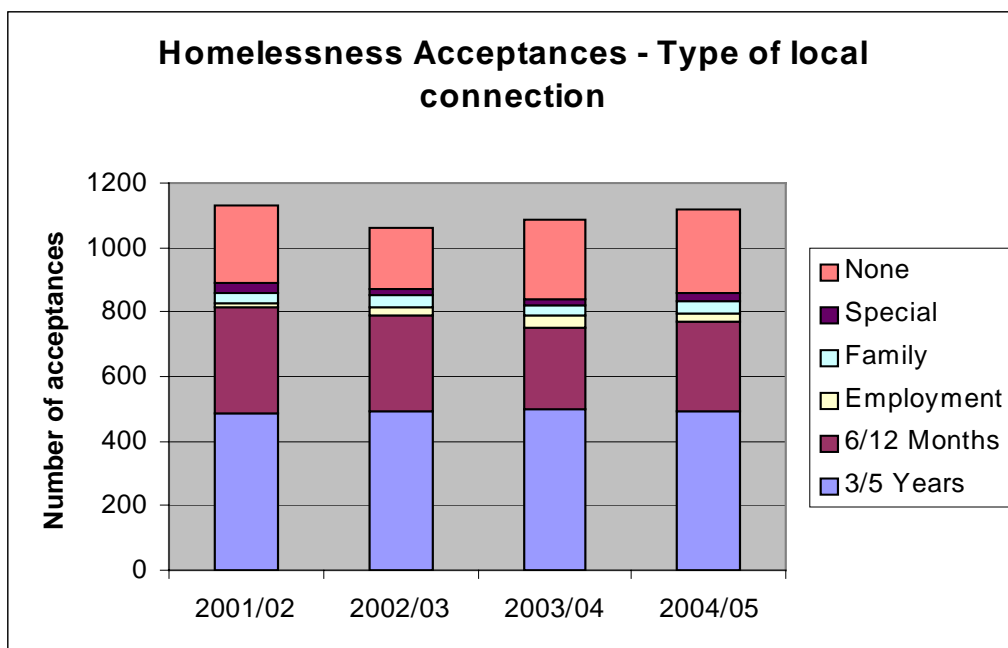


Figure 4: Homelessness Acceptances – type of local connection

This in part reflects Westminster's central city location and the population "churn" that occurs in such places, but is also a reflection of the City's popularity as a place to live. Further information about Westminster's population dynamics is provided in Background Paper No 1.

Homelessness

The level of statutory homelessness in Westminster has been consistently high for many years now. Every year the City Council accepts a statutory housing duty to approximately 1,100 homeless households. Last financial year, over 57% of households were families with children, or a pregnant woman. The remainder were single people with a range of vulnerabilities. Over 70 of the single applicants were young people aged 16-21.

It is not just the scale of the problem that is the issue here in central London, but the nature of the problem. Of the households Westminster accepts as homeless each year, it is not uncommon that 20% will be accepted due to a mental health problem, 10% due to a physical health problem and a further 10% due to old age. This is more than double the national rate in each case.

The causes of people's homelessness are also different in Westminster than is the case nationally. While a similar proportion of households become homeless due to being asked to leave by family or friends (38%), in Westminster comparatively few households are homeless due to relationship breakdown (about 8% compared with nearly 20% nationally). A major cause of homelessness in Westminster is that accommodation is unreasonable to occupy, predominantly because of overcrowding.

Statutory homelessness is also only part of the picture. In addition to the statutory homeless population, Westminster has the highest number of rough sleepers in the country (130 at the last full street count in June 2005) and approximately 1,140 hostel bed spaces which are full every night.

Growth in temporary accommodation

Westminster's high level of homelessness, combined with a relatively low level of social housing supply, has led to significant growth in the number of households living in temporary accommodation (TA). At the end of March 2005 3,123 households were supported in TA (see Figure 5 overleaf).

In recent years the number housed in Bed & Breakfast hotels has been reduced as the City Council has been able to procure better quality, self-contained accommodation from the private sector on long term leases.

It will be a significant challenge for the City Council to meet the Government's target of halving the use of TA by 2010 without the requisite resources being made available.

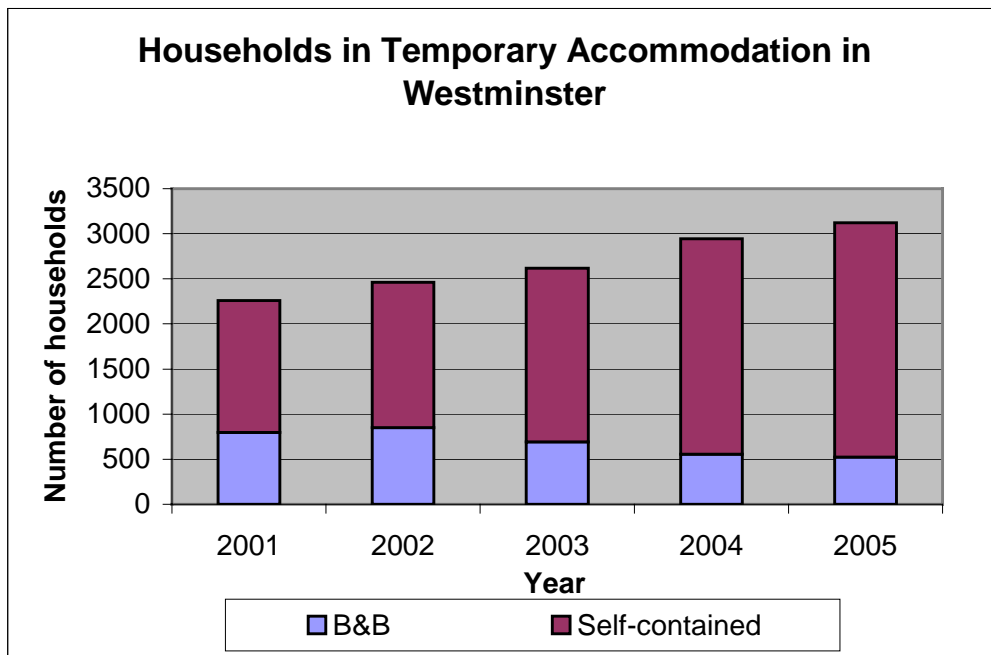


Figure 5: Number of Households in Temporary Accommodation

Waiting times in temporary accommodation are long and have been increasing for most household sizes. Meeting the needs of larger households is particularly problematic due to the size profile of social housing stock in Westminster. Due to the small number of family-sized dwellings, in 2004/05 homeless households rehoused in 4+ bedroom dwellings had waited an average of 6 years, compared to 2 years for those rehoused in a 1 bedroom dwelling.

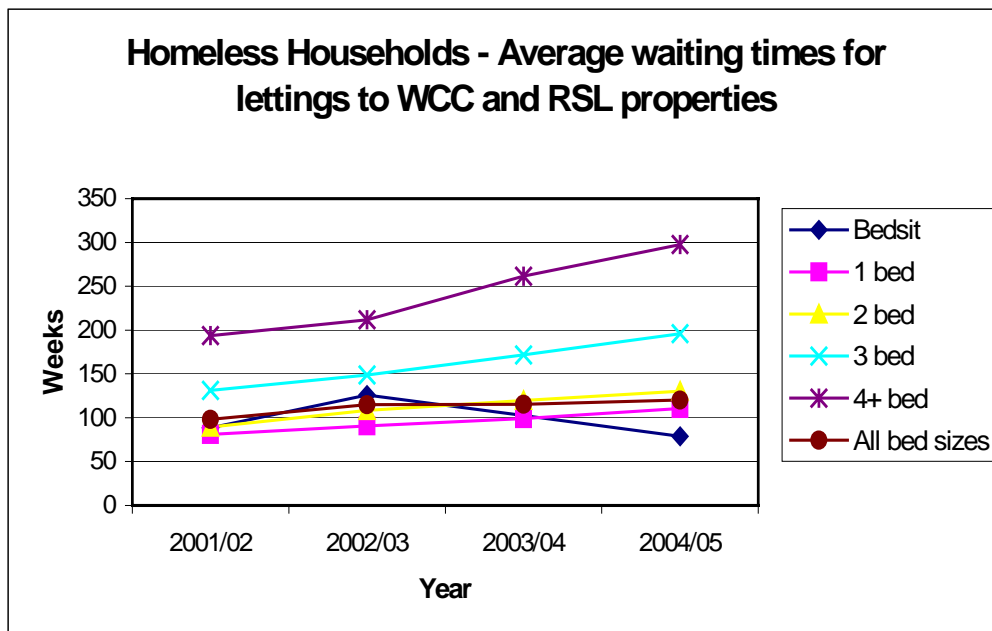


Figure 6: Average Waiting Times for Homeless Households

Overcrowding

According to 2001 Census figures, Westminster is one of London's top 10 overcrowded boroughs³, with 5.5% of households considered to be overcrowded (ie, over 1 person per room). 2.8% of households could be considered to be severely overcrowded, with over 1.5 people per room. Overcrowding affects households in all tenures in the City, but occurs most often in social housing – particularly in homes rented from the City Council where nearly 12% of households are overcrowded.

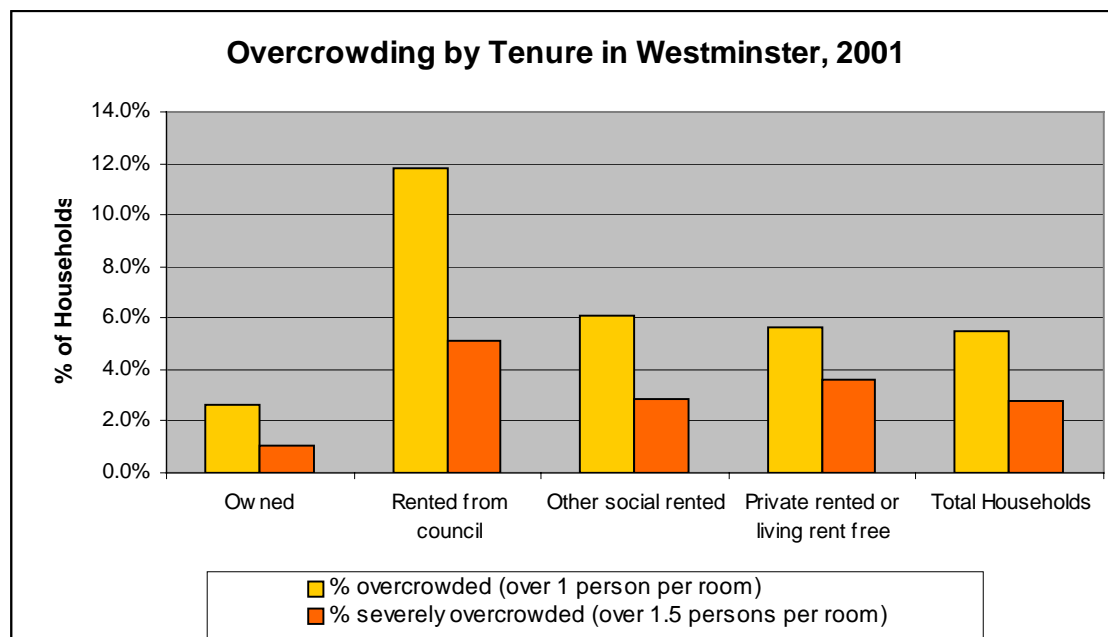


Figure 7: Overcrowding by Tenure in Westminster, 2001

Overcrowding is most prevalent in some of the City's more deprived wards – Church Street, Westbourne, Queen's Park and Harrow Road, where more than 8% of households are overcrowded.

Evidence from the City Council's databases confirms the high levels of overcrowding among Council tenants. At the end of March 2005 there were 827 households on the transfer list that were living in properties with fewer bedrooms than they needed. Nearly two-thirds of these households are from BME communities.

Deprivation

As the map in Figure 8 overleaf shows, Westminster has some of the most deprived neighbourhoods in the country. 21 of Westminster's 120 Super Output Areas (SOAs) are among the 10% most deprived in England, while 42 (ie, more than a third of our City) are in the 20% most deprived.

Westminster is in fact ranked as the 9th most deprived London borough which comes as a surprise to many people. While mostly in the north of the City, there are clearly pockets of deprivation in the south. Deprivation is very closely correlated to the location of social housing.

³ Others in the top 10 include Tower Hamlets, Newham, Hackney, Brent, Southwark, Kensington & Chelsea, Haringey, Camden and Ealing. Source, ALG briefing "Overcrowding in London", March 2004.

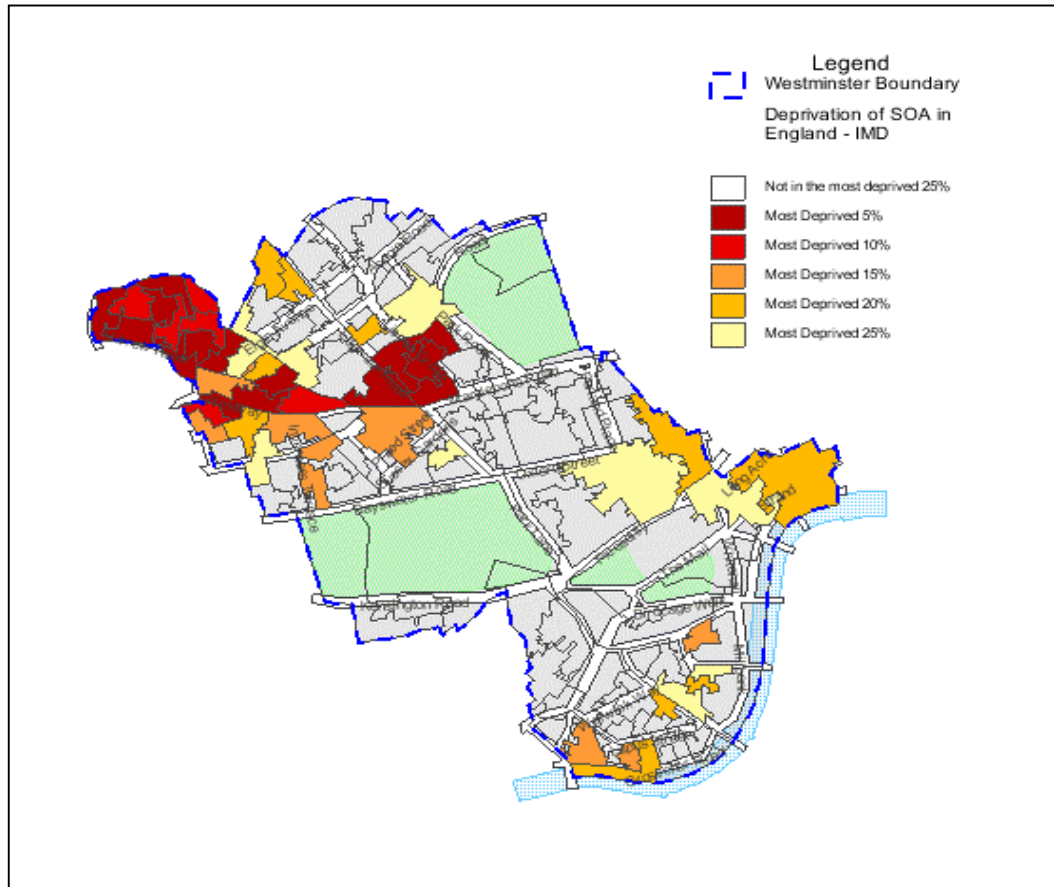


Figure 8: Deprivation in Westminster – rank of areas in relation to England

PART 3: HOUSING SUPPLY PRESSURES

Current housing stock

Westminster has a housing stock of approximately 115,000 dwellings. As Figure 9 shows, nearly 80% of dwellings are privately owned

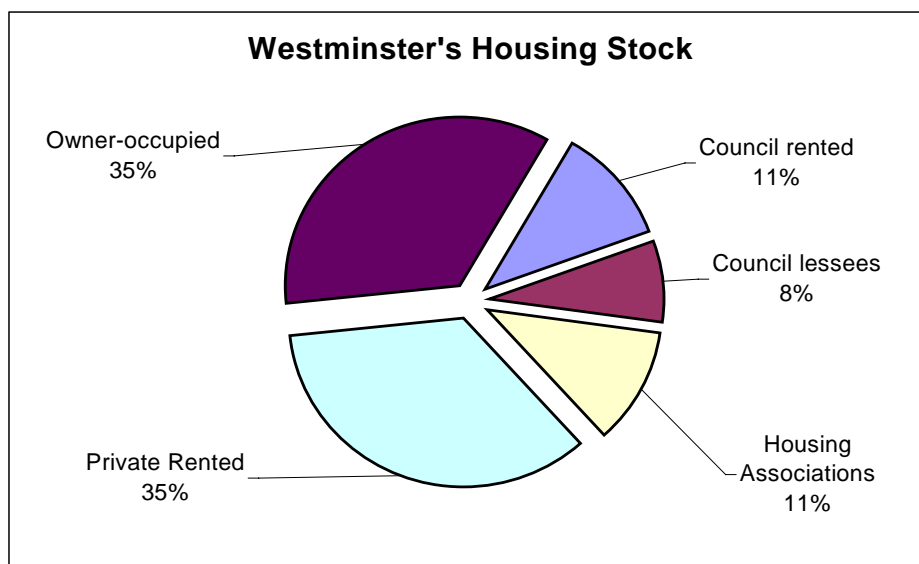


Figure 9: Westminster's Housing Stock

Investment in new social housing

As the chart below shows, in recent years the total amount invested in new social housing supply in Westminster has been on a downward trend. The number of new units funded in 2004/05 was less than one-third of the number funded in 2000/01. A combination of factors has created this picture, not least the fact that Westminster is an extremely expensive place in which to develop new housing.

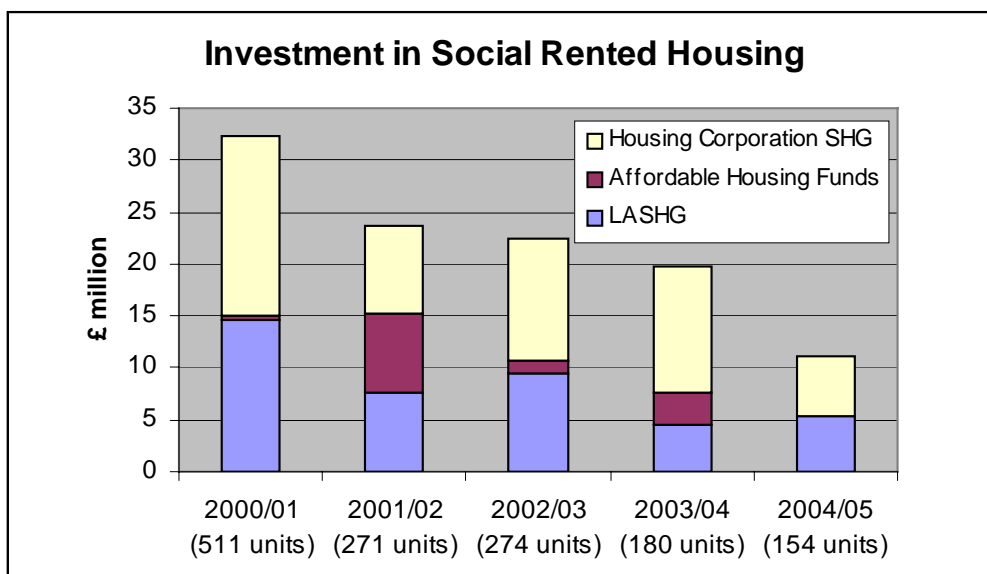


Figure 10: Investment in Social Rented Housing

Sub-regional funding

Since 2003, when the housing sub-regions were formed, affordable housing funding from the Housing Corporation has been allocated via sub-regions rather than individual local authorities. The housing needs of individual boroughs are now to be met by new housing developed within each sub-region as a whole. Clearly, for a given sum of money, a greater number of homes can be developed in the outer, cheaper boroughs than can be built in central areas like Westminster. More units can be produced at a lower average grant rate, and this therefore represents better value for money for the Housing Corporation.

This presents a real threat to the levels of investment directed to Westminster. The North London boroughs have very different housing markets – from the outer boroughs with relatively cheap land and development costs, to the inner boroughs with some of the most expensive land in the country. A standard grant rate applied across the sub-region means that outer boroughs have many more viable schemes. In Westminster, the grant rate is not enough to make schemes competitive, without further subsidy from other sources.

The 2003/04 development programme was the first to be agreed through these new sub-regional arrangements. The six boroughs agreed a mechanism for nomination rights to these units, ensuring a range of unit sizes was distributed equitably. Unable to meet our assessed housing need within our own borough boundaries, Westminster became an “exporting borough” and received nomination rights to schemes to be developed in other boroughs. The two-year programme for 2004-2006 has also now been agreed.

A pressure for Westminster is that, while we do have nomination rights to units outside the City, residents may not want to move to these properties and, under current homelessness legislation, can expect to be housed within Westminster. Marketability of the units is therefore a key concern. The sub-region operates a common Choice Based Lettings system – Home Connections – through which all housing opportunities are advertised to households on the waiting lists, who select a property they would like to move to and then bid for it. We are therefore very reliant on customers wanting to take up housing opportunities outside their “home” borough. On the positive side, this does provide greater choice, and greater opportunity for Westminster residents who are prepared to move.

Increasingly, as investment is targeted at the Growth Areas around London, mobility of residents will become an important issue. At present there is no means by which to ensure that residents outside these areas also have access to the rehousing opportunities available. It is an issue that boroughs and the GLA alike are only beginning to grapple with.

Local Authority Social Housing Grant

Local Authority Social Housing Grant (LASHG) was a funding mechanism used by Westminster to great effect. It was withdrawn by the Government in early 2003, at very short notice, leaving the City Council with on-going contractual commitments for funding that had to be met from within the Council’s own resources. At the time of the scheme’s withdrawal, it was indicated that a replacement vehicle would be

available through the London Housing Board. As yet, however, no new scheme has been developed.

Westminster used LASHG for a number of purposes to supplement the traditional funding programmes, including:

- purchase and repair of three-bedroom properties in Westminster and other boroughs;
- topping up Housing Corporation grant on schemes that required extra subsidy to make them stack up financially and the Council considered to be value for money; and
- affordable housing schemes that came to light outside the strict deadlines for Housing Corporation bidding rounds.

There were very few restrictions placed on what LASHG could be used for and it was this flexibility that was a great strength. The removal of LASHG from our suite of funding options has greatly reduced the flexibility we had to respond to particular housing needs in Westminster. It has, for example, totally removed our ability to procure individual units, or schemes, on an ad-hoc basis as the opportunity arises.

Section 106 and the affordable housing fund

Virtually all affordable housing opportunities in Westminster come through section 106 agreements, as the high cost of land means that Housing Associations rarely compete with private developers for development sites. To date, planning applications have been agreed that will deliver 1107 new affordable homes when implemented. 439 of these have been completed and a further 213 are currently being built.

As discussed in Background Paper No 4, where it is not possible to provide these units on-site, the City Council accepts a payment in lieu to the affordable housing fund. The use to which these commuted sums can be put is limited by planning guidance, which is nowhere near as flexible as the LASHG regime. Generally, the fund can only be used to develop new housing and this presents some problems when the cost of developing is so high.

The Secretary of State direction that the City Council increase the percentage of affordable housing required on development sites presents a risk. The City Council believes that by increasing the requirement to 50%, proposed residential schemes will become unviable and developers will turn to alternative uses. This would lead to a loss not only of the affordable housing contribution, but the total residential scheme. In addition, developers are being asked to make an increasing array of contributions in relation to their proposed development and this presents an additional threat to housing. There are many differing needs that must be prioritised and negotiated, for example community facilities, education or public realm improvements.

Size of units

Westminster's housing stock is predominantly made up of small flats and there is increasing demand for larger sized homes. However, the costs of development and relatively low levels of subsidy mean that developing large units is not often seen as value for money. The chart below shows that, for RSL properties developed over the

past four years, the proportion of bedsit and one-bedroom units has increased substantially at the expense of large family-sized homes.

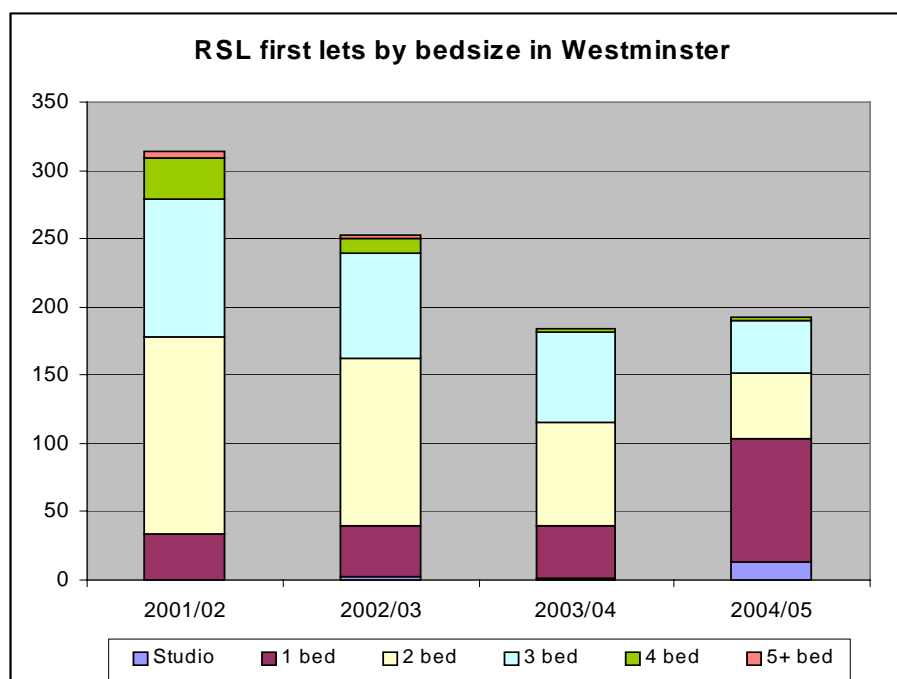


Figure 11: RSL First Lets by Bedroom Size

Intermediate housing

While there is some demand for intermediate market products in Westminster, the reality is that such housing remains largely unaffordable for those to whom it is directed. With the high cost of housing, most applicants will be able to afford only a small portion of a shared ownership property, and high rents are charged by the managing housing association for that portion of unsold equity retained. The combination of mortgage and rental payments often makes this unaffordable, particularly for family-sized properties with only one income earner.

Future intermediate housing programmes funded through the Housing Corporation will be directed solely at those key worker occupations defined by the Government. Alternative funding sources will have to be found for any other proposed intermediate market scheme. These are nationally defined occupations that are not always relevant to recruitment and retention problems individual local authorities face.

In London, zone agents are appointed to manage the key worker programmes in each sub-region. In North London, the zone agent is Metropolitan Home Ownership. Zone agents take nominations on behalf of boroughs, however are under no obligation to nominate applicants to schemes according to any particular quota or borough requirement. It is simply a "first come first served system". Applicants from outside the sub-region can even be nominated to the schemes.

Future supply opportunities – Dolphin Square Trust

Dolphin Square, an apartment building beside the River Thames, was constructed in the 1930s. In early 1964, the Council acquired the leasehold interest (the

headlease) and later that year set up an Industrial and Provident Society, known as Dolphin Square Trust (DST), for the purpose of managing Dolphin Square.

The City Council and Dolphin Square Trust are currently in the process of negotiating the sale of their joint interest in Dolphin Square. Related to the sale, a charitable trust will be set up with an estimated £100m of funds to invest in affordable housing.

PART 4: WESTMINSTER'S STRATEGIC HOUSING PRIORITIES

Westminster's current housing strategy was prepared early in 2003. It was built around key priorities that have been the focus of attention for a number of years now, following analysis of identified need, the concerns of our local residents and partners, and in response to government priorities. They are:

- Supporting neighbourhood renewal;
- Delivering affordable housing and meeting need;
- Delivering decent homes;
- Providing support for vulnerable people.

For the purposes of this paper, we concentrate largely on the first two of the priorities as they are most relevant to the work of the Housing Commission. The remaining priorities are dealt with only briefly.

Renewing our neighbourhoods

As outlined above, Westminster has some of the most deprived neighbourhoods in the country. Due to this, Westminster receives a Neighbourhood Renewal Fund (NRF) allocation from the Government and has established a local strategic partnership – the Westminster City Partnership – to administer the funding and set strategic goals and targets for the renewal of six priority areas. The City Partnership brings together the key public services which affect the quality of people's day to day lives – the Council, the Police, the Primary Care Trust, business, social landlords and voluntary and community organisations.

Westminster's NRF allocation has more than doubled for the next two years:

- £3.055m in 2006/07 and
- £3.563 in 2007/08.

There are six Local Area Renewal Partnerships in Westminster, covering Queen's Park; Harrow Road; Westbourne; Church St; South Westminster; and the West End (see map below). These vary in maturity and resources, but their common objective is to improve the quality of life and well-being of the areas' residents through better co-ordination and delivery of local services.

Church St is the most developed partnership and is very much led by the housing service (80% of households live in social rented housing). It uses a neighbourhood management model and has secured £2.65 million from the Neighbourhood Renewal Unit for a seven-year Neighbourhood Management Pathfinder programme. A dedicated neighbourhood management team has been created to focus on improving co-ordination of mainstream services in the area and enhancing resident participation in the planning and delivery of services and capital investment.

The approach and models developed at Church St will be used to inform the development of the other renewal partnerships as they progress to develop their own locally set priorities.

Deprivation is very closely correlated to the location of social housing and therefore housing providers have a key role to play in working to tackle these high levels of disadvantage and social exclusion.



Figure 12: Westminster's Local Area Renewal Partnership Areas

Housing need and affordable housing

The mismatch between the supply of and demand for affordable housing in Westminster is a significant strategic challenge. With over 5,000 households on the housing waiting lists, including 3,000 in temporary accommodation, there is significant existing demand to be met even before demand can be met from a growing population.

Homelessness is a particular issue for Westminster. Approximately 6,000 households apply to the Council each year as homeless and about 1,100 are accepted as meeting the statutory criteria. Once these households are placed in temporary accommodation, they can wait for many years before a permanent home is available (the average waiting time is 2 years, but can be as long as 6 years for larger sized homes).

Homelessness prevention

There are considerable human and financial costs associated with people living in TA for such long periods. The City Council's priority is therefore to reduce the number of households being placed in TA by preventing homelessness wherever possible.

The main causes of homelessness in Westminster are evictions from the homes of family or friends; loss of private sector tenancies; and accommodation that is considered unreasonable to occupy (mainly due to overcrowding or poor conditions). This is where prevention activity has been focused, through activities such as:

- Mediation with families, explaining the realities of homelessness and the prospects for rehousing through this route.
- Negotiating with private sector landlords to renew tenancies that are coming to an end and where the intention is to evict a household, and to prevent illegal evictions taking place.
- Using environmental health powers to improve the conditions of unfit properties.

Westminster has a highly regarded scheme for young people, aged 16 and 17, who are potentially homeless when asked to leave the family home. Working with a local hostel provider, short-term placements are secured for the young people during which they are offered intensive support and provided with a reality check about homelessness. More often than not, the young person is reunited with their family and returns home.

In general, however, homelessness prevention has not proven to be very successful to date. We have not managed to make much of a reduction in the number of households accepted as homeless, and hence the number moving through into TA. This year we propose to fundamentally change the way the Council's homelessness and housing advice service is provided to properly focus on providing people with alternative housing options.

With the size of the private rented sector in Westminster, there is scope to work more with landlords to improve access to this sector for those who approach the City Council for housing.

Another key focus for the City Council is to address the poverty trap caused by the way housing benefits are used to fund temporary accommodation. The vast majority of our homeless residents are economically inactive and research has shown that the funding of TA is by far the biggest barrier to residents entering employment and breaking out of the dependency culture.

Overcrowding

As noted above, overcrowding is a particular issue to be addressed in Westminster. The City Council is looking at all avenues to procure larger dwellings through the supply programme, but is also looking at how its own housing stock can be better used to minimise overcrowding. Under-occupiers are encouraged to move to smaller properties, while opportunities are being identified to carry out conversions (ie, knocking through adjoining flats, or re-converting flats back into family houses).

Other housing needs

Due to the high demand for homes from the homeless, tenants needing to transfer, and others in priority groups, it is extremely unlikely that someone on the general housing waiting list will ever be housed in Westminster if current trends continue.

While our priority is to assist those in greatest housing need, we are mindful that Westminster is in danger of becoming a place in which only the very wealthy and the

very poor can live. The sustainability of our communities is therefore a concern. A proportion of the affordable housing programme is directed towards intermediate housing, primarily for key workers vital to the delivery of public services (see Background Paper No 4 for more detail on the Council's UDP policies on affordable housing).

Supply of new housing

Westminster works with partner boroughs in the North London sub-region to maximise development opportunities. However, the Housing Corporation's value for money framework means that few opportunities within Westminster meet the criteria. Substantial residential development opportunities exist in Westminster, but due to high costs the subsidy levels required are often too high to make the schemes stack up financially.

Every opportunity is taken to lobby Government on the benefits of investing in central London areas like Westminster, even with their high development costs. The Council can demonstrate a sound track record of delivering new supply. Based on a successful planning policy and strong partnerships with RSLs, we have been able to deliver 1,800 new units over the past 6 years and project a further 350 for 2005/06.

The use of planning policy is now the only viable route through which affordable housing can be developed in Westminster. Housing Associations cannot compete on the open market with private developers for sites within the City, so they are reliant on 'Section 106' contributions to provide new affordable homes (see Background Paper No 4 for further information).

The Council also has a strong track record of using its own resources to deliver new affordable homes, having previously funded new permanent accommodation through Local Authority Social Housing Grant (LASHG). The LASHG regime also attracted investment from developing housing associations on an almost pound for pound basis on new build schemes. But, as discussed in Part 3 of this paper, LASHG has been withdrawn. The City Council continues to lobby Government about a replacement mechanism that offers that same level of flexibility as LASHG, so that Westminster's housing opportunities can be realised.

Decent homes

Following a rigorous appraisal of the options available to bring the City Council's stock up to the decent homes standard, Westminster residents voted to form an Arms Length Management Organisation. CityWest Homes was formed on 1st April 2002 and manages the Council's stock of approximately 13,000 tenanted homes and another 12,000 leased properties sold under the right to buy. In forming the Almo, Westminster secured £83 million from Government to support the decent homes works.

In April 2002 over 10,000 council properties did not meet the Government's decent homes standard, but all will have reached the standard well before the Government's 2010 target. A priority for CityWest Homes is not just to meet the decent homes standard, but to go beyond it. We believe that the condition of a person's living environment beyond their front door is just as important to their quality of life as that

within their own home. CityWest Homes therefore invests in improving communal areas, playgrounds, community development programmes, and in the customer service that residents receive.

With over 13,000 households living in housing association properties, the City Council is committed to ensuring that these residents also live in decent homes and is working with local RSLs to ensure that happens.

In 2000 there were nearly 6,000 unfit dwellings in Westminster, mostly in the private sector. Since then we have made approximately 500 private sector properties fit every year through providing advice and grant assistance. The City Council has a £1.4 million programme of private sector renewal and disabled facilities grants to ensure conditions in the private sector are improved. The City Council is also no stranger to using Compulsory Purchase Orders to bring properties up to standard, and to bring empty properties back into use.

Supporting vulnerable people

Westminster experiences very high levels of homelessness and rough sleeping, in addition to mental illness, physical disability and drug and alcohol abuse. We experience the “magnet effect” of being in central London. There is therefore great demand for our housing related support services.

The Supporting People budget allocation from Government is £17.3 million for 2005/06, which is £980k less than in 2004/05. Services face severe financial pressures as funding is cut year on year. Westminster has been effective at driving out efficiencies, but there is only so far we can go before service delivery will really start to suffer. The difficulty is that Westminster services provide for more than just local need – people come from all over London and beyond to access the services located in the City.

With grant levels for 2006/07 to be determined by a national allocation formula primarily based on local need, the outlook is not favourable for Westminster. The Council continues to lobby Government to recognise the City’s particular circumstances and the role it plays in supporting people from a wide geographic area.

The City has a large number of hostels located within its borders that are not ideal for today’s requirements. The Council is overseeing a £17 million capital investment programme to deliver up-to-date, customer focussed facilities to improve the quality of front-line service delivery and the quality of the living environment for residents.