

## Affordable housing in the CAZ

This note has been prepared following the Matter 4 hearing on Westminster's City Plan 2019-2040 on 1<sup>st</sup> October 2020. It illustrates through a series of case studies how a lack of sufficient affordable housing available to meet the needs of the CAZ can have implications for the operation of the strategic functions of the CAZ. This is owing to key workers and those in service industries who are essential to keeping these functions ticking over being paid salaries which do not support market housing within the city and/or being required working unsociable hours (e.g. given the late night / tourist/ visitor economy concentration) leading to issues in commuting long distances and how these issues combined could impact on the commercial growth projected for the CAZ over the Plan period.

### Key workers

In recent years certain sectors have experienced serious and growing challenges in recruiting and retaining staff which could mean that London is less well-equipped to deal with future crises.

Research commissioned by the Mayor in 2018<sup>1</sup> found that: *“London has a higher rate of young teachers leaving the profession than other large cities and the rest of England. It also has a steady outflow of teachers in their thirties and forties to teach elsewhere. The most important factor driving low teacher retention in London is **higher housing costs.**”*

The nursing vacancy rate in London is one of the highest in the country. A survey of London nurses by the Royal College of Nursing in February 2020<sup>2</sup> found that almost 60 per cent expected to leave the capital within five years due to the cost of housing: *“London's high cost of living is forcing nursing staff out of the capital due to **high accommodation and travel costs.**”*

While a 2019 report by PwC<sup>3</sup> found that the affordability of renting in London had fallen for seven key worker professions over the last five years: *“**High private rent levels may prevent people who work in key professions from living in or moving to London and Southern England, leading to shortages of nurses, teachers and other key workers, as well as limiting economic and social mobility across the country.**”*

Whilst the blue light emergency services have robust plans in place to ensure sufficient personnel are available to tackle any incident or emergency, the most reliable way to have sufficient levels of operational staff swiftly deployed and sustained, in the event of a prolonged incident, is to ensure they live in reasonable proximity to their work area. For example, there are documented accounts of pressures on the number of front-line staff being available – such as the London riots in 2011. Although the London Fire Brigade claimed it had enough resources to cope during the London Riots in August 2011, when firefighters battled on average one blaze every nine minutes for five consecutive days, the London Chamber of Commerce and Industry (LCCI) report ‘Brown for Blue: Land to house London's emergency workers in 2017<sup>4</sup> found that *“standard operating procedures*

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<sup>1</sup> <https://www.nfer.ac.uk/teacher-supply-retention-and-mobility-in-london/>

<sup>2</sup> <https://www.rcn.org.uk/professional-development/publications/pub-009012>

<sup>3</sup> <https://www.pwc.co.uk/economic-services/ukey/ukey-july2019.pdf>

<sup>4</sup> <https://www.londonchamber.co.uk/LCCI/media/media/PDFs/Brown-for-Blue-Land-to-house-London-s-emergency-workers-FINAL.pdf>

were routinely ignored, with fewer than the stipulated number of firefighters and engines being sent to incidents.” and the LCCI report Living on the Edge: Housing London’s blue light emergency services 2016<sup>5</sup> found that “**high costs of living** meant that more than half of London’s front-line ‘blue light’ emergency services personnel were living outside London, which raised concerns about the capital’s preparedness to respond to major incidents.”

### Commuting costs

A report by Dolphin Living and the University of Westminster in 2016<sup>6</sup> found that although it is cheaper to provide affordable housing away from central London, there are significant offsetting costs of commuting (cost of transport, time etc), which leads to many workers being at risk of getting squeezed out of the London labour market, which can have serious implications for the London economy. The report commented: “*the quality of life associated with a long commute will simply not be sufficient to justify working in London as a teacher, nurse, theatre worker software analyst etc. The contribution of these workers to London is essential, but **the wedge between their value to the capital** (much of it not directly captured by their employer) **and their real wage, will only continue to grow, as the cost of ‘living’ in London continues to rise** [whether this is the ‘cost of living’ associated with residence in the expensive centre, with limited direct and opportunity costs of commuting; or in the less expensive Outer London area, with all the offsetting costs of commute].”*

The same report also comments on the essential service and economic contribution lower paid workers in tourism-related jobs make. An individual who contributes to the successful run of a sell-out show will make a contribution well beyond the immediate takings at the box office, to the reputation of London as a cultural centre, having a positive impact on tourism and also acting to draw in more individuals to work and live in London. However, there is no link between this contribution and provision of affordable housing options for them. Because these individuals are paid well below their true value to the economy, economic theory would suggest an expansion of their numbers; but exactly the opposite has happened, as the steep rise in housing costs has made the wages on offer even less attractive.

In addition, the council has received anecdotal evidence of workers in tourism related industries who often work very long hours and shift work can result in unsociable hours meaning potentially long commutes at night when public transport options are more limited<sup>7</sup>.

### Policy 10

The concentrations of uses within Westminster’s Central Activities Zone are unique and are of national and international importance. Being able to provide affordable housing within a reasonable distance of their place of work is essential to retaining workers who keep this unique mix of uses

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<sup>5</sup> <https://www.londonchamber.co.uk/LCCI/media/media/Reports%20and%20Surveys/Living-on-the-Edge-Housing-London-s-Blue-Light-Emergency-Services-Report.pdf?ext=.pdf>

<sup>6</sup> <http://dolphinliving.com/wp-content/uploads/FINAL-Estimating-the-Value-of-Discounted-Rental-Accommodation-2016.pdf>

<sup>7</sup> This real life case study was raised during the development of Westminster’s Housing Strategy in 2014-15 and related to a pastry chef at a 5\* hotel in Piccadilly whom regularly finished work at 2am but couldn’t afford to rent in close proximity to his place of work without claiming housing benefit.

functioning, especially given the high costs and length of time of commuting, especially at unsociable hours.

This paper has therefore set out examples and evidence of how the high cost of housing in central London has implications for such workers whom and therefore acts as evidence base for the principle of Policy 10 requiring affordable housing contributions from commercial development in the CAZ.

The requirement for such a contribution meets the planning obligations tests:

(1) It is **necessary to make the development acceptable in planning terms** and (2) it is **directly related to the development**: The CAZ is an exceptional contributor to the national economy and has a unique agglomeration of commercial uses which generate significant demand for affordable housing, particularly in key worker, hospitality and tourism roles. Commercial developments providing an additional 1,000sqm of floorspace or more will generate new jobs, which will fuel demand for affordable housing within reasonable travel distance.

(3) It is **fairly and reasonably related in scale and kind to the development**: the tariff levels have been arrived at by calculating what commercial developments can absorb into their costs, rather than what levels of contribution would be needed to deliver affordable housing need generated by these uses. However, to use the latter as a baseline would result in an unreasonably high contribution level which would not be viable and would result in unnecessary and costly viability negotiations, delaying the planning process. The tariff has therefore been set at a lower level which more reasonably related to the scale and kind of development and is likely to be viable in most instances.