

HOUSING THAT WORKS

Can employers help solve the housing crisis?

July 2019



CSJ Housing Commission

Since its inception in 2004 the Centre for Social Justice (CSJ) has worked to identify and reverse the root causes of poverty: worklessness; educational failure; family breakdown; addiction; and serious personal debt. But also vital in tackling poverty is providing the foundation all individuals need to flourish: a safe and secure place to live.

While the full causes and consequences of the tragedy remain unclear, the fire that engulfed Grenfell Tower in 2017 shone a spotlight onto the quality of social and affordable housing provision in this country and the living conditions of the poorest.

In March 2018, the CSJ established a Commission to address this and has been asked to report its findings back to government. In July 2018 it published its first interim report, *Social Housing and Employment*, which sets out how the Government can unlock the potential of housing associations to provide life-changing skills programmes for disadvantaged residents.

In October 2018 it published its second interim report, *A Social Justice Housing Strategy*, which advanced a comprehensive plan to turbocharge the supply of truly affordable housing in England.

In March 2019 it published its third interim report, *Putting Down Roots*, which proposed radical improvements to security for both renting families and private landlords, through the repeal of Section 21 of the Housing Act 1988 and the establishment of specialist housing courts.

The Commission's Final Report will be published in the coming months, presenting a package of ambitious housing policy reforms to equip any Prime Minister with the means to drive change for people living in poverty and achieve social justice.

Housing that Works
Can employers help solve the housing crisis?
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Contents

About the Centre for Social Justice	2
Acknowledgments	4
Executive summary	5
Introduction	8
1 Employer housing: history and need	11
1.1 The roots of employer housing support: the 'model village'	12
1.2 Housing, workers and business	16
1.3 Employers are feeling the pressure too	30
2 Employer housing today: how employers can help solve the housing crisis	35
2.1 Supply: employers can help us reach 300,000 new homes a year	36
2.2 Access: how employers can support people into housing	48
2.3 Homelessness: employers supporting the most vulnerable	56
Conclusion	63

About the Centre for Social Justice

Established in 2004, the Centre for Social Justice (CSJ) is an independent think tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions. The CSJ's vision is to give people in the UK who are experiencing the worst disadvantage and injustice every possible opportunity to reach their full potential.

Since its inception, the CSJ has changed the landscape of our political discourse by putting social justice at the heart of British politics. This has led to a transformation in Government thinking and policy. The majority of the CSJ's work is organised around five 'pathways to poverty', first identified in our ground-breaking 2007 report, *Breakthrough Britain*. These are: family breakdown; educational failure; economic dependency and worklessness; addiction to drugs and alcohol; and severe personal debt.

In March 2013, the CSJ report *It Happens Here* shone a light on the horrific reality of human trafficking and modern slavery in the UK. As a direct result of this report, the Government passed the Modern Slavery Act 2015, one of the first pieces of legislation in the world to address slavery and trafficking in the 21st century.

The CSJ delivers empirical, practical, fully funded policy solutions to address the scale of the social justice problems facing the UK. Our research is informed by expert working groups comprising prominent academics, practitioners and policy-makers. Furthermore, the CSJ Alliance is a unique group of charities, social enterprises and other grass-roots organisations that have a proven track record of reversing social breakdown across the UK.

The 15 years since the CSJ was founded has brought with it much success. But the social justice challenges facing Britain remain serious. Our response, therefore, must be equally serious. In 2019 and beyond, we will continue to advance the cause of social justice in this nation.

“

When I'm on my way to work I feel tired.

And when I'm supposed to be at work,
I then don't have the energy for me to move
or do anything at work – I just feel restless...

It's like I'm Superman. In the daytime
I'm a security guard. At the night time...

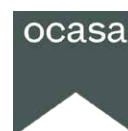
I'm homeless.

Security guard, London

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We would like to thank the sponsors of the CSJ Housing Commission.



Please note that the proposals made in this report should not be construed as representative of the views of individuals or organisations listed above.

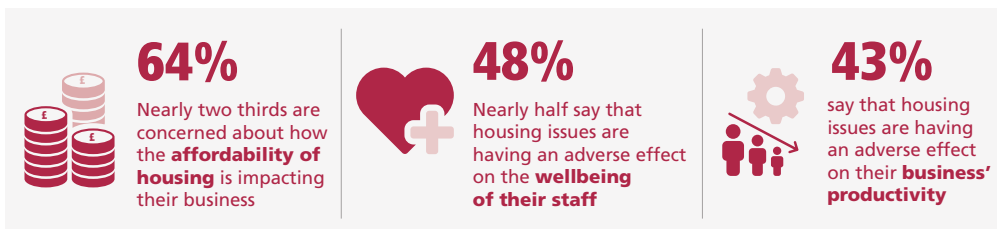
Executive summary

The Centre for Social Justice (CSJ) Housing Commission has observed a range of interlocking issues that comprise the housing crisis facing our nation.¹ We have seen how problems with the affordability, security and supply of housing are seriously impacting the lives of people already struggling. And we have learned from the CSJ's Alliance of poverty-fighting charities how these factors can make it even harder to tackle and reverse the pathways to poverty.

The Commission has advanced suitably bold policy proposals for the Government to dramatically increase the supply of truly affordable homes, as well as to improve housing security and access to justice for both renting families and private landlords.²

Here, however, we look beyond the role of government on its own. In the fourth CSJ Housing Commission interim report, we ask: can employers help solve the housing crisis?

In Part 1 we examine the historical roots of employer housing support. We then turn to explore the housing pressures affecting our workforce today. With original polling and independent qualitative research undertaken for the CSJ by Survation, we reveal the scale of concern felt by large UK employers (1,000+ employees) about housing – both in terms of how housing issues are affecting their staff, as well the impact on the prosperity of their businesses. We find that:



In Part 2 we show how some employers, both in the UK and indeed abroad, are responding to these pressures by extending their 'social activity' into the realm of housing. This report represents the first attempt in recent years to organise the different employer housing schemes into conceptually useful categories and themes. We identify three key strands to employer housing support today:

- 1 Politics Home, '70% of people now believe there is a housing crisis and they are right' – Shadow Housing Secretary', 2017 [www.politicshome.com/news/uk/communities/housing/opinion/moat/89301/70-people-now-believe-there-housing-crisis-and-they]
- 2 J Shalam, *A Social Justice Housing Strategy: increasing the supply of truly affordable homes*, Centre for Social Justice, Housing Commission interim report two, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJJ6574-Housing-Commission-2-Housing-Supply-181025-WEB.pdf]; J Shalam, *Putting Down Roots: Improving security for renting families and private landlords*, Centre for Social Justice, Housing Commission interim report three, 2019 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2019/03/putting-down-roots.pdf]

- 1. Employer involvement in the supply of new homes (either directly or indirectly) on the supply-side;**
- 2. employers supporting people with accessing homes on the demand-side; and**
- 3. employers supporting specifically the most vulnerable with housing, including the homeless.**

In each of these areas, we shine a light on existing good practice and seek to provide the most ambitious businesses with the ideas and blueprints that will inspire them into action.

We also make a number of key policy recommendations to Government that will enable more employers to engage with the housing issues affecting their staff and businesses. These can be summarised as follows.

Unlocking potential

- The Government should establish a new Employer Housing unit in the Cabinet Office to more effectively corral business and the appropriate departments and bodies, such as MHCLG, DWP, and Homes England, to gather knowledge, foster partnerships and promote new housing schemes driven by employers. The unit would oversee the progress of the schemes advanced below.

Multiplying what works

- The Government should launch a renewed campaign to popularise tenancy deposit loans offered by employers, as well as an official employer housing accreditation learning from the Disability Confident and Living Wage kitemarks already well established. These loans represent a relatively inexpensive but transformative form of support enabling people to afford the upfront costs of private rented accommodation or protecting them from becoming homeless if their rental contract is terminated (see Starbucks, Case Study 7).
- Public-private models where institutional investors, including large employers, partner with local authorities to invest in truly affordable housing should be expanded across the country. These should learn from the experience of a nascent partnership between a major institutional investor and Croydon Council (see Case Study 13).
- The Employer Housing unit should work with local housing associations and third sector organisations in order to foster further partnerships between ambitious businesses, registered providers of social housing and charities to offer Housing First style programmes for employees affected by homelessness, learning from a recent scheme led by Pret a Manger (see Case Study 12).

Encouraging innovation

- Drawing from recent housing programmes led by Microsoft in Seattle and Nationwide in Swindon, a new Innovation Fund should be established in Homes England in order to support not-for-profit developments led by employers that do not fit the traditional

mould but aim to achieve high proportions of new affordable housing. These would require less grant than typical schemes where the 'viability' is underpinned by substantially higher profit margins (see Case Study 1 and 3).

- The Government should encourage a new wave of employer investment in build-to-rent accommodation, learning from the 'purpose built student accommodation' investment model (see Case Study 6). These schemes bring together groups of public and private employers to block-book rooms, taking on the credit risk for institutional investors and enabling employers to offer 'affordable' rental accommodation to their staff and the wider workforce.
- Learning from the model of employer assisted housing in the US, the Government should more clearly recognise when companies enable people to move into employment who are otherwise blocked by the cost of housing. A small funding pot in the Department for Work and Pensions, opened up by savings to the housing benefit bill, should be introduced to incentivise and reward the most innovative schemes that boost people's earnings through housing support.

Taken together, these recommendations will allow the social conscience which inspired the Cadburys and Rowntrees' interest in the 'model village' to be repackaged for a modern-day context where the labour market is thriving and dynamic, but too many are held back by housing issues. Of course, employers alone will not solve the housing crisis. But nor will the Government. Empowering employers as an additional weapon in the arsenal would support the Government's mission to deliver 300,000 homes a year, reduce homelessness and contribute to the fight against the root causes of poverty.

Introduction

The Centre for Social Justice (CSJ) Housing Commission has observed a range of interlocking issues which comprise the housing crisis facing our nation.³

We have seen how problems with the affordability, security and supply of housing are seriously impacting the lives of people already struggling. And we have learned from the CSJ's Alliance of poverty-fighting charities how these factors can make it even harder to tackle and reverse the pathways to poverty.

The Commission has advanced suitably bold policy proposals for the Government to dramatically increase the supply of truly affordable homes, in order to end both the flow of children living in temporary accommodation as well as our costly reliance on housing benefit in the private rented sector.⁴ We have also recommended measures to radically improve housing security and access to justice for both renting families and private landlords.⁵

The Government has responded with significant reforms: including, but not limited to, the abolition of councils' housebuilding borrowing cap and the announced repeal of Section 21 of the Housing Act 1988, that is, the clause allowing renting families to be evicted at two months' notice.⁶ These moves have the potential to change millions of lives and should be welcomed.

Here, however, we look beyond the role of government on its own. In the fourth CSJ Housing Commission interim report, we ask: can employers help solve the housing crisis?

In Part 1 we examine the historical roots of employer housing support. We then turn to explore the housing pressures affecting our workforce today. With original polling and independent qualitative research undertaken for the CSJ by Survation, we reveal the scale of concern felt by large UK employers about housing – both in terms of how housing issues are affecting their staff, as well as the impact on the prosperity of their businesses.⁷ We find, for example, that:

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- 3 Politics Home, '70% of people now believe there is a housing crisis and they are right' – Shadow Housing Secretary', 2017 [www.politicshome.com/news/uk/communities/housing/opinion/moat/89301/70-people-now-believe-there-housing-crisis-and-they]
 - 4 J Shalam, *A Social Justice Housing Strategy: increasing the supply of truly affordable homes*, Centre for Social Justice, Housing Commission interim report two, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJJ6574-Housing-Commission-2-Housing-Supply-181025-WEB.pdf]
 - 5 J Shalam, *Putting Down Roots: Improving security for renting families and private landlords*, Centre for Social Justice, Housing Commission interim report three, 2019 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2019/03/putting-down-roots.pdf]
 - 6 That is, outside of the fixed term of an assured shorthold tenancy, which typically grants six to twelve months' security even though the average tenancy length is 4.1 years. See *Ibid*
 - 7 Methodology: Five depth interviews were conducted with Senior Managers/Director in large UK employers with 1,000+ employees. This qualitative research was conducted alongside an online survey of 505 businesses with 1,000+ employees conducted by Survation in April 2019.

- **Nearly two thirds (64 per cent) of companies with 1,000+ employees are concerned about how the affordability of housing is impacting their business;**
- **nearly half (48 per cent) say that housing issues are having an adverse effect on the wellbeing of their staff; and**
- **43 per cent say that housing issues are having an adverse effect on their business' productivity.**

In Part 2 we show how some employers, both in the UK and indeed abroad, are responding to these pressures by extending their 'social activity' into the realm of housing. This report represents the first attempt in recent years to organise the different employer housing schemes into conceptually useful categories and themes. We identify three key strands to employer housing support today:

- 1. employer involvement in the supply of new homes (either directly or indirectly) on the supply-side;**
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In each of these areas, we shine a light on existing good practice and seek to provide the most ambitious businesses with the ideas and blueprints that will inspire them into action. We also make a number of key policy recommendations to Government that will enable more employers to engage with the housing issues affecting their staff and businesses.

Taken together, the recommendations outlined in this report will allow the social conscience which inspired the Cadburys and Rowntrees' interest in the 'model village' to be repackaged for a modern-day context where the labour market is thriving and dynamic, but too many are held back by housing issues. Of course, employers alone will not solve the housing crisis. But nor will the Government. Empowering employers as an additional weapon in the arsenal would support the Government's mission to deliver 300,000 homes a year, reduce homelessness and contribute to the fight against the root causes of poverty.

part one

Employer housing: history and need

Employer housing: history and need

If each man could have his own house, a large garden to cultivate and healthy surroundings – then, I thought, there will be for them a better opportunity of a happy family life.

George Cadbury

There is no such thing as a new idea. It is impossible. We simply take a lot of old ideas and put them into a sort of mental kaleidoscope. We give them a turn and they make new and curious combinations. We keep on turning and making new combinations indefinitely; but they are the same old pieces of colored glass that have been in use through all the ages.

Mark Twain

Business is the cornerstone of prosperity in society. It generates the wealth that empowers people to live freely and provides the goods and services consumers both rely on and enjoy. It is the often forgotten engine that fuels our welfare state, national defences and schools. Just in providing people with employment and a livelihood alone, business fulfils an essential social purpose.

But in recent years some businesses are going further. With the rise of social media and a younger generation of consumers seemingly more attuned to brand image than ever, companies are investing huge sums of money and human capital into programmes and campaigns with the hope of improving their reputations as responsible or ethical businesses.

Done well, the rewards can be plentiful. Almost three in four of Generation Zers will spend more money on products sold by companies they perceive to be committed to social and environmental impact, according to a recent global study.⁸ A CSJ investigation found that companies who saw helping local communities as a priority, such as funding social

⁸ Nielsen, *The Sustainability Imperative: New insights on consumer expectations*, 2015 [www.nielsen.com/ma/en/insights/news/2015/green-generation-millennials-say-sustainability-is-a-shopping-priority.print.html]

enterprises or increasing the number of disabled people in their workforce, were not only more likely to maintain a strong brand image, but also achieve higher rates of productivity and staff retention.⁹

Housing pressures are affecting an increasing number of both consumers and workers in England – be that the scarcity of new affordable homes, housing insecurity, or, in the worst cases, homelessness. Many businesses are responding by extending their social activity into the realm of housing. This, as we explore in Part 2 of this report, takes many forms, including: contributing (directly or indirectly) to the supply of housing; improving people’s access to homes; or supporting individuals facing the sharpest end of the housing crisis – those without a permanent home at all. In each of these categories we have heard examples of businesses carrying out innovative housing support programmes to the benefit of their employees and beyond into wider society.

But this, like most things, is nothing entirely new. Recent innovations stand on the shoulders of a long and colourful history of employer housing support in this country. In this section, we draw out some key example of employers who have left the strongest legacy of employer housing in England – and challenge employers to adopt the same level of *ambition*, if not the same methods, to pursue social justice through housing as those who came before.

1.1 The roots of employer housing support: the ‘model village’

The Industrial Revolution saw an explosion in the urban population of England. People flocked to the cities in pursuit of employment in newly created industrial jobs, this producing a huge demand for accommodation. Existing properties were converted into flats and tenements and increasingly crammed with workers, their landlords quick to see the profitability of such large influxes of people. Factory owners and those in charge of the cities’ dominant industries gained significant power over housing the new urban population. Many factory owners built accommodation close their factories, often very cheaply and of low quality. Large workforces were squeezed into small, often squalid areas, leading to the familiar slums of ‘Dickensian’ Britain.

Before the First World War, there was very little resembling what is today called ‘social housing’ provided by government. Yet some ‘enlightened factory owners and wealthy philanthropists took it upon themselves to address social ills by providing a good living environment for the new working class’, building on an older tradition of almshouses for the poor.¹⁰ One such example in the eighteenth century was Richard Arkwright, a wealthy textile industrialist who, believing that a healthy workforce would benefit both his employees as well as his business, built high quality homes for his workers in Derbyshire.¹¹ Many of these still stand today.

9 CSJ, *Everyone’s Business: Making business work for all*, 2016 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2016/12/Business-report-FINAL-011216.pdf]

10 Josh Ryan-Collins, Toby Lloyd and Laurie Macfarlane, *Rethinking the Economics of Land and Housing*, Zed Books, 2017, p. 70

11 Ibid

Indeed, later into the nineteenth century, a generation of employers – inspired by their religious and social conscience, as well as, it must be said, business acumen – believed that the housing situation of their workers was not conducive to happy, or spiritually fulfilled, lives. Three key examples include the Lever Brothers, George Cadbury and Joseph Rowntree.

Box 1: Lever Brothers and Port Sunlight

William Lever's 'response to the poverty and desperation of Britain's late 19th-century working class' was, according to the Port Sunlight Village Trust, what motivated him to establish a new village while constructing his soap factory in Cheshire. Armed with a 'highly developed social conscience', Lever believed that housing problems could be addressed by private enterprises, and that supporting his employees in this way could fuel the prosperity of business in the process.

Today, Port Sunlight is a fine surviving example of early urban planning in the UK, a tourist destination in its own right and has remained largely intact since its foundation. There are 1,100 residential properties in the village, housing a community of approximately 2,065 people. The village sits adjacent to the Unilever Port Sunlight site, where over 2,000 people are employed in manufacturing, research and development and technical support. Unilever has been manufacturing on site for 130 years.

The story of Port Sunlight begins in 1888 when William Lever (1851–1925) and his brother James (1854–1910) founded the village to house the workers of their soap manufacturing firm, Lever Brothers (eventually becoming the global giant, Unilever). They had outgrown the site of their first works in Warrington and wanted a site that could accommodate both a new factory and a workers' village.

The village was founded to provide industrial workers with decent, sanitary housing in a considered architectural and picturesque form. However, rather than a philanthropic venture, Lever claimed it was all part of a business model he termed 'prosperity-sharing'. Rather than sharing the profits of the company directly with his employees as cash bonuses, Lever provided them with decent and affordable houses, amenities and welfare provisions that made their lives secure and comfortable and enabled them to flourish as people. It was also intended to inspire loyalty and productivity.

For this, Lever's support for his employees has been fairly characterised as 'paternalist', although recognising that the benefits he provided his employees predated the existence of the welfare state.¹² Beyond providing affordable housing, free medical care, pensions, and an employee profit-sharing scheme Lever 'also created a strong corporate identity for his employees by cultivating a strong company and personal image', according to one historian.¹³

At the turn of the century business was booming, so Lever expanded again, introducing recreational facilities including Hulme Hall (1901) and open-air swimming baths (1902). By 1910, further housing developments had been completed, as were community facilities such as the gymnasium (1903), open-air theatre (1903) and Christ Church (1902–04). In 1907 Lever employed over 3,000 workers in Port Sunlight soap factory and housed some 3,600 people in the village.¹⁴

12 J D Rowan, 'Imagining corporate culture: the industrial paternalism of William Hesketh Lever at Port Sunlight, 1888–1925', PhD thesis, Louisiana State University, 2003 [https://digitalcommons.lsu.edu/gradschool_dissertations/4086/]

13 Ibid

14 D J Jeremy, 'The Enlightened Paternalist in Action: William Hesketh Lever at Port Sunlight Before 1914'. *Business History*. 33. 58–81 [www.researchgate.net/publication/233124147_The_Enlightened_Paternalist_in_Action_William_Hesketh_Lever_at_Port_Sunlight_Before_1914]

The village today is home to more than 900 Grade II listed buildings set in 130 acres of parkland and gardens. The village is a good example of the aesthetic movement, which emphasized visual and sensual qualities of art and design, and the Arts and Crafts Movement, with its emphasis on traditional craftsmanship.

As evident in the other case studies in this chapter, Port Sunlight was by no means the first model industrial village. But at Port Sunlight, these ideas combined with provision of green spaces, parkland, and public buildings and were the key influence on the later Garden City Movement.

Source: Port Sunlight Village Trust, 2019

Box 2: George Cadbury and Bournville

In 1879 the Quakers George Cadbury and his brother Richard, makers of chocolate and cocoa, moved their factory from the city centre to the healthier environment of the countryside bordering Birmingham. They chose the Bournbrook Estate, four miles from the city with fresher air quality. Transport links were good and a source of clean water from the nearby River Bourn was available.

They completed the move in September 1879 and named the area Bournville. They adopted a French sounding name as France had a good reputation for food, in the hope that their chocolate sales would improve.

George Cadbury was appalled by working class living conditions and wanted to provide decent housing for his workers. He planned a model village of well-built cottages with large gardens, that would 'alleviate the evils of modern, more cramped living conditions.'

While the factory was being built, 16 decent sized cottages were constructed for key workers. When early on in the development George found that people were buying up the beautiful arts and crafts homes to sell on for huge profit, he started building homes for rent. Known as the 'Ten Shilling' or 'Sunshine Houses', these homes were set at an affordable rent to help families on low incomes.

The village had purpose-designed spaces for recreation and leisure. Indeed, the Cadburys were particularly concerned about the health and fitness of workers and incorporated parks and recreation areas into Bournville, encouraging swimming, walking and sport.

In 1895 more land was purchased, architect Alexander Harvey was employed, and the following year construction was started. This land was called Bournville Building Estate and publicity from the time celebrated its virtues. Rules were made, each house was to occupy no more than a quarter of its building plot and each garden was 'not less than one-sixth of an acre' with at least six fruit trees. Cadbury hoped that workers would grow their own fruit and vegetables in these gardens.

The Bournville Village Trust came into being in December 1900 and its purpose was to oversee development of the model village for the benefit of the residents.

By 1905, 315 houses were built. In 1906 a Workers' Housing Co-Operative called Bournville Tenants Limited leased building land and added another 398 houses. In 1913 a model garden suburb for white-collar workers was added. The 1920s and 1930s saw rapid expansion of the land by various co-operatives and societies and private arrangements.

Source: Bournville Village Trust, 2019

Box 3: Joseph Rowntree and New Earswick

In 1901 the successful York Quaker businessman Joseph Rowntree bought 123 acres of land bordering the site of his Cocoa Works factory where new ideas in industrial management were being implemented. He employed the architects Parker and Unwin to develop New Earswick model village. In creating a new community Joseph was responding to his son Seebohm's seminal book *Poverty: a Study of Town Life* (1901) – a statistical study of the living conditions of the city's working population along the lines of work previously undertaken by Charles Booth in London.

Although Rowntree financed the development through his business, the village was intended as a social experiment rather than primarily for the firm's employees. Rowntree's guiding principles can be seen in his insistence that he did not 'want to establish communities bearing the stamp of charity'. He wanted residents of his model village to 'have a united life and a common interest in things affecting its welfare' and so, in 1907, The Village Council was formed, to manage the Folk Hall and develop a 'civic spirit' in the village.

At the outset Joseph did not know whether the experiment would succeed or fail but he wanted it to be a testing ground for new ideas, not just in architecture and planning but also in financial viability and social cohesion.

To oversee and fund the creation of New Earswick, Joseph Rowntree set up a Trust in 1904. Its priority was to create a community of improved dwellings, with sufficient facilities to encourage residents in living full and healthy lives. Designs pioneered there were used in the later Parker and Unwin 'Garden Communities' in Hampstead Garden Suburb and Letchworth.

By 1904 there were 30 houses, by 1954 nearly 500 three-bedroomed, with 40 somewhat larger and 90 smaller cottages or flats for single people. House rents were fixed so that they would be within the means of working people while at the same time bringing in a modest commercial return on the capital invested. Tenancies in the village were not restricted to Rowntree employees but were open to all persons who earned their living 'by the work of their hands or their minds'.¹⁵

In 1914, Raymond Unwin was appointed Chief Town Planning Inspector to the national Local Government Board, in which post he was responsible for producing a Housing Manual for implementation of the Homes fit for Heroes campaign in 1919 for returning servicemen. In the section of the Manual illustrating model house types, all three house plans developed at New Earswick were included as prototypes. In the following years, as the Homes fit for Heroes scheme developed into state-aided housing provision, the three prototype plans from the Manual were widely adopted for use on Council Housing estates.

Source: Rowntree Society, 2019

Of the examples drawn out here, all were paternalistic in their approach (owing largely to the prevailing intellectual environment), though with differences in their objectives and emphasis. All expressed concern for the wellbeing – and indeed the morality – of their residents, as they perceived it. Rowntree spoke of his 'regret if there were anything in the organisation of these village communities that should interfere with the growth of the right spirit of citizenship, or be such that independent and right-minded men and women might resent'.¹⁶ Less tastefully, to modern ears, Lever said of tenants in Port Sunlight that 'a good workman may have a wife of objectionable habits, or he may have objectionable habits himself, which make it undesirable to have him in the village'.¹⁷ Yet all also had long lasting

15 E G Culpin, *The Garden City Movement Up-To-Date*, Routledge, 2015, p. 54

16 Jn S. Davies and M Freeman, 'A Case of Political Philanthropy: The Rowntree Family and the Campaign for Democratic Reform', *Quaker Studies*, vol. 9, 2014, pp. 95–113

17 B Lewis, *'So Clean': Lord Leverhulme, Soap and Civilisation*, Manchester University Press, 2008

influences on the development of garden cities, urban planning and what would become council housing and the very origins of the welfare state.

Of course, times have changed profoundly since the days of Cadbury, Lever and Rowntree. For one, people are now less likely to stay with a single employer in a 'job for life' as they were historically.¹⁸ A UK worker will now change employer every five years on average, according to research by the life insurance firm LV=.¹⁹ And there are many elements of employers' historical involvement in housing that many contemporary audiences would rightly find intrusive, manipulative or unacceptable for other reasons.

The economic independence of workers in a modern labour market is, as the CSJ has argued previously, vitally important to people being able to pursue higher salaries and opportunities in life.²⁰ Any employer interventions in housing that could hamper this mobility should be treated with suspicion. The extent to which the state, local government, employers and charities should be responsible for providing social services and support is also contentious. The lack of existing state provision in the late nineteenth century meant that some industrialists had an effective monopoly over the provision and quality of housing in increasingly populous, industrial cities. Thankfully we have moved a long way from the situation where workers were *reliant* on the benevolence of large employers for the provision of adequate housing, although, as the Commission has argued elsewhere, there is much more the Government can be doing in the way providing truly affordable homes.

Nevertheless, the sense of social purpose which inspired some employers, historically, to see their remit extend into housing support can be commended, if necessarily repackaged for a changed context and on the condition that it is supportive of the interests of a dynamic, modern labour force. This must also be set upon a backdrop of adequate state-led support and investment.²¹ Before exploring this proposition further, it is first worth examining the relationship between housing, employment and disadvantage as it manifests today.

1.2 Housing, workers and business

Solving the housing crisis is the biggest domestic policy challenge of our generation.

Rt Hon Theresa May, Prime Minister

The CSJ Housing Commission has observed in its enquiries a range of interlocking issues that comprise what is now widely understood as the housing crisis facing our country.²² We have seen how problems with the affordability, security and quality of homes are seriously

18 P Gregg & J Wadsworth, 'Job Tenure in Britain, 1975–2000. Is a Job for Life or Just for Christmas?', *Oxford Bulletin of Economics and Statistics* 64, 2002 [<https://onlinelibrary.wiley.com/doi/abs/10.1111/1468-0084.00015>]

19 BBC News, 'How long should you stay in one job?', 2017 [www.bbc.co.uk/news/business-38828581]

20 P Spencer, *The Future of Work: Regional Revolution*, Centre for Social Justice, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/09/CSJJ6498-Rust-Belt-Revolution-180925-WEB.pdf]

21 As called for in J Shalam, *A Social Justice Housing Strategy: increasing the supply of truly affordable homes*, Centre for Social Justice, Housing Commission interim report two, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJJ6574-Housing-Commission-2-Housing-Supply-181025-WEB.pdf]

22 Politics Home, '70% of people now believe there is a housing crisis and they are right' – Shadow Housing Secretary', 2017 [www.politicshome.com/news/uk/communities/housing/opinion/moat/89301/70-people-now-believe-there-housing-crisis-and-they]

impacting the lives of people already struggling. And we have learned from our Alliance of poverty-fighting charities how these factors can make it even more difficult to tackle and reverse the pathways to poverty.

Work remains a key route out of poverty.²³ Yet housing issues are putting intense pressures on many British workers. This has serious implications – not only for the wellbeing of our workforce, but also for employers themselves. Here, we examine the impact of recent housing developments on workers and businesses in England.

1.2.1 Housing is putting pressure on our workforce

The UK is currently experiencing record employment levels. With 32.7 million people in work between December 2018 to February 2019, the 76.1 per cent employment rate is the highest since records began in 1971.²⁴ At 1.34 million, the unemployment rate has fallen below 4 per cent for the first time since 1975.²⁵ Despite the persistence of strong regional imbalances, this story is largely a positive one, with over three million more people in work today than there were in following recession in 2008.²⁶

As the CSJ has long argued, work provides a proven means through which people can transform their lives and lift their families out of poverty. As a Department for Work and Pensions (DWP) study tracing out-of-work families showed, nearly three quarters of families (74 per cent) who gained full-time employment were found to have ‘exited’ relative poverty a year on.²⁷ Those most likely to have ‘exited’ poverty by this measure were children in families that had increased their earnings by moving from ‘part employment’ to ‘full employment’ (75 per cent).²⁸ Much other research highlights the importance of progression in work and upskilling in the longer-term fight against poverty.²⁹

In recent years close attention has, rightly, been given to the issue of in-work poverty and wage stagnation. The DWP’s income statistics show that 57 per cent of all working-age adults with relative low income – that is, where their annual earnings fall below 60 per cent of the weekly median income – were in fact in employment.³⁰ While this figure, as the DWP

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- 23 J Shalam, *Social Housing and Employment*, Centre for Social Justice, Housing Commission interim report one, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/07/CSJ6364-Social-Housing-and-Employment-Report180706-WEB.pdf]
- 24 ONS, ‘Employment, unemployment and economic inactivity by age group’, 2019 [www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentunemploymentandeconomicinactivitybyagegroupseasonallyadjusteda05sa]
- 25 Ibid
- 26 See P Spencer, *The Future of Work: Regional Revolution*, Centre for Social Justice, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/09/CSJJ6498-Rust-Belt-Revolution-180925-WEB.pdf]
- 27 DWP, *Child poverty transitions: Exploring the routes into and out of child poverty, 2009–2012*, Jun 15 [www.gov.uk/government/uploads/system/uploads/attachment_data/file/436482/rr900-child-poverty-transitions.pdf]
- 28 With ‘full employment’ defined as lone parents working 30 or more hours per week, or couples where both parents are working and at least one of them is working 30 or more hours per week; and ‘part employment’ defined as lone parents working fewer than 30 hours per week, couples both working fewer than 30 hours per week, or couples with one parent working the other workless
- 29 K Lawton, *Nice Work if You Can Get It: Achieving a Sustainable Solution to Low Pay and In-work Poverty*, London: IPPR., 14 [www.ippr.org/files/images/media/files/publication/2011/05/nice%20work%20if%20you%20can%20get%20it_1671.pdf]; P Spencer, *The Great British Breakthrough: Driving productivity growth in the UK*, London: Centre for Social Justice, Sep 17 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2017/09/CSJJ5710_Productivity_report_WEB-170918.pdf]
- 30 DWP, *Households Below Average Income: An analysis of the UK income distribution: 1994/95–2017/18*, Mar 19 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/789997/households-below-average-income-1994-1995-2017-2018.pdf]

point out, has grown naturally as a result of the rapid growth in employment with now 'a great majority of working-age adults and children belong to working families', it should remind us that work alone should not be construed as the silver bullet to 'solve' poverty.³¹

Nor, critically, should the aggregate figures disguise the fact that individuals are *much more likely* to be in poverty if they are out of work. In 2017–18, one in ten working-age adults in working families had relative low income.³² This compares to over one in three (39 per cent) in workless families.³³ In the same period, 17 per cent of children in working families were in the relative low income bracket, compared to 56 per cent in workless families.³⁴

As also long argued by the CSJ, tackling the root causes of poverty requires much more than simply raising earnings above an arbitrary income line. Family breakdown, addiction, educational failure and serious personal debt are all equally capable of holding individuals, and whole families, back.³⁵ Yet the role of appropriate work in alleviating poverty – and its potential not just to increase earnings but to improve physical and mental health and wellbeing³⁶ – is now strongly established.

As with a decent job, a decent home provides individuals and families with the foundation they need to thrive. But, as we shall see, worrying levels of insecurity, 'working homelessness' and barriers to affordable housing risk jeopardising the transformative and positive benefits of employment.

1.2.1.1 The profile of housing is changing

Before these pressures can be analysed, it is worth examining some of the key changes to housing to England in recent years. These have strong implications for workers and working families' experience of housing, and particularly workers on lower incomes.

Homeownership has more than once been called a British obsession. To some European observers, the widespread desire to borrow large sums of money to purchase a property (with the hope that this will one day generate a return for its owner), is a feature of British society worthy of curiosity – even scorn. Others diagnose it as a national 'hysteria'.³⁷

But the idea that England is uniquely a nation of homeowners is hard to maintain in 2018. Indeed, when comparing the rate of homeownership in England to other advanced economies, England falls below many of its European and international counterparts. As has been pointed out recently, England has a lower rate of ownership than Australia, the USA and Canada – and is the fourth lowest when ranked alongside EU27 countries.³⁸

31 Ibid

32 Ibid

33 Ibid

34 Ibid

35 See CSJ, *Breakthrough Britain 2015: An overview*, London: CSJ, Sep 14 [www.centreforsocialjustice.org.uk/library/breakthrough-britain-2015-overview]

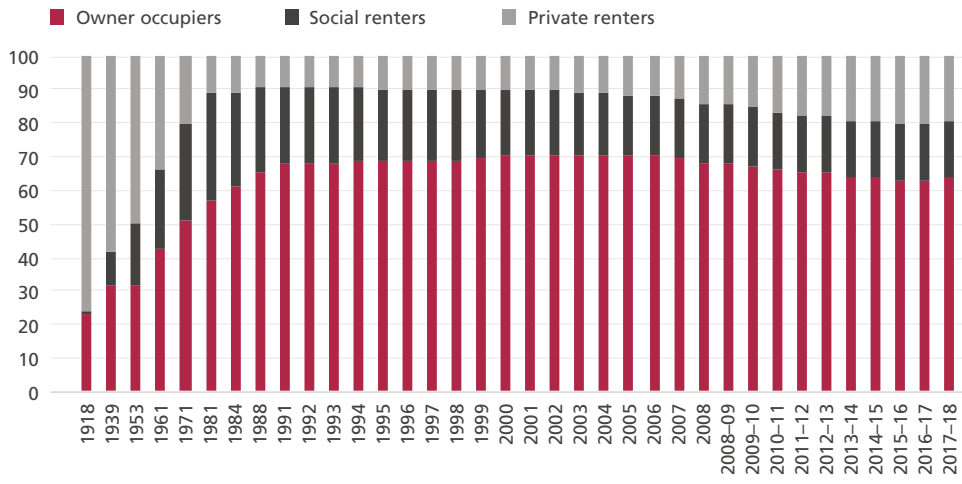
36 One of the most influential studies on this was the independent review published by DWP in 2006: Waddell G, Burton AK., *Is Work Good for your Health and Well-being?*, London: TSO, 06 [www.gov.uk/government/uploads/system/uploads/attachment_data/file/214326/hwwwb-is-work-good-for-you.pdf]

37 Guardian, 'Why are Brits so obsessed with buying their own homes?', 2016 [www.theguardian.com/money/2016/jan/14/why-are-brits-so-obsessed-with-buying-their-own-homes]

38 See: J Shalam, *Putting Down Roots: Improving security for renting families and private landlords*, Centre for Social Justice, Housing Commission interim report three [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2019/03/putting-down-roots.pdf]

It is true, nonetheless, that by the end of the twentieth century English society had transformed from one made up overwhelmingly of private renters into one of ‘mass homeownership’. The historian Robert Tombs has argued that this development was born of the wartime rent controls introduced in 1915, which as ‘perhaps the most significant piece of social and economic legislation in the first half of the twentieth century... had the unintended long-term consequence of turning the middle classes from renters into homeowners’.³⁹ As shown in Figure 1, the majority of households in England continue to live as owner occupiers (63.5 per cent).⁴⁰

Figure 1: Trends in tenure in England



Source: MHCLG, English Housing Survey, 2019

However, the composition of housing tenure in England has changed significantly in the decades to 2019. While comprising two-thirds of all households (and despite a small uptick recorded in 2018), owner occupancy has declined to historically low levels – with young people (aged 25–34) finding themselves far less represented in the sector than in the (not too distant) past.⁴¹

Meanwhile, the decline in homeownership and scarcity of new social housing (among various other developments, such as the rise of buy-to-let mortgages since the late 1990s) has fuelled the rapid growth of the private rented sector over two decades.⁴² This growth has also been marked by an influx of poorer households into the sector.

The proportion of the population living in the private rented sector doubled since 2000, now comprising 19.5 per cent of all households.⁴³ In 1988, just 9.1 per cent lived in the sector.⁴⁴ The social rented sector, however, continues to account for a large proportion of the population’s homes, totaling 17 per cent in 2017–18.⁴⁵

39 R Tombs, *The English and their History*, London: Penguin Books, 2014
 40 MHCLG, *English Housing Survey 2017–18, 2019* [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/774820/2017-18_EHS_Headline_Report.pdf]
 41 *Ibid*
 42 J Shalam, *A Social Justice Housing Strategy: Increasing the supply of truly affordable homes*, Centre for Social Justice, Oct 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJJ6574-Housing-Commission-2-Housing-Supply-181025-WEB.pdf]
 43 *English Housing Survey 2017–18*
 44 *Ibid*
 45 *Ibid*

These trends have been accompanied by changes in economic activity across different housing tenures. The overarching labour market story of the last ten years, as mentioned earlier, has been the rising rate of employment and reductions in the numbers of worklessness households. Labour Force Survey data indicate that the proportion of working age households living in social housing with no member in work (36 per cent) dropped below the proportion of households with all adult members in work (37 per cent) in winter 2018.⁴⁶ This represents a profound shift from ten years ago, when just 31 per cent of social housing residents had all working age members in employment, compared to 46 per cent who were without work.⁴⁷

In the same period, the same dataset shows that the number of out of work owner occupiers of working age dropped from 10 to 8 per cent, and even more sharply from 20 to 13 per cent in the private rented sector (the rise of working households living in the private rented sector is explored in more detail below).⁴⁸ Meanwhile, the proportion of owner occupiers with all adult members in work rose from 61 to 63 per cent, and in the private rented sector from 57 to 64 per cent.⁴⁹

The last decade has also seen worrying rises in homelessness across a number of measures. The number of annual homelessness acceptances (that is, when a household is understood as statutorily homeless by their local authority) was just under 57,000 in England in 2017–18 – 16,000 higher than in 2009.⁵⁰ The latest data show that there are around 82,000 statutory homeless households currently living in temporary accommodation, waiting for an offer of permanent settled accommodation.⁵¹ This represents a 71 per cent increase from 2010. Official figures suggest that there are around 4,700 people sleeping rough on a given night – a rise of 165 per cent since 2010.⁵²

These changes in the profile of housing have significant implications for the types of pressures facing the workforce today – and particularly for those workers struggling with more complex challenges or living on very low incomes. We explore some of the most significant housing pressures below.

1.2.1.2 Housing affordability and living standards

[W]e cannot deliver the high standards of living the British people deserve without fixing our housing market.

Rt Hon Phillip Hammond MP, Chancellor of the Exchequer

In the past two decades, the cost of housing has risen significantly. This has been the reality for many households living in various housing tenures and in different parts of the country, though with particular pressures on workers in certain areas.

46 Labour Force Survey 2019 – note that these figures encompass the United Kingdom

47 Ibid

48 Ibid

49 Ibid

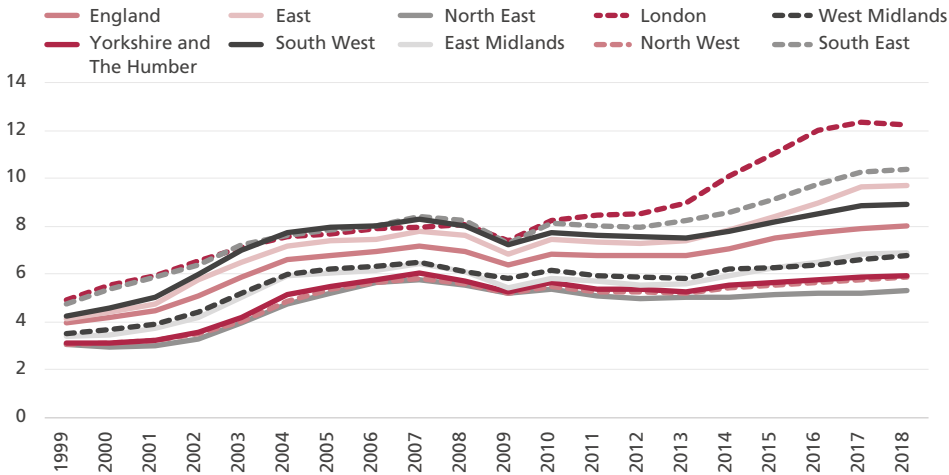
50 S Fitzpatrick, H Pawson, G Bramley, S Wilcox, B Watts & J Wood, *The homelessness monitor: England 2018*, Crisis, 2018 [www.crisis.org.uk/media/238700/homelessness_monitor_england_2018.pdf]; MHCLG, Live table MD1

51 MHCLG, Live table TA1 TS

52 MHCLG, Rough Sleeping in England, Table 1, 2019

For one, house prices have risen much more rapidly than incomes. Average earners could expect to pay around 8 times their annual incomes on purchasing a home in England in 2018.⁵³ This represents an increase of over 100 per cent since the late 1990s. In London and the South East this development has been even more pronounced, where average earners can now expect to spend up to 12 and 10 times their income on the average home. This trend shows few signs of reversing, with average house prices continuing to rise faster than wages between 2017–18, following five years of even more rapid rises (see Figure 1).

Figure 2: House price to workplace-based earnings ratio



Source: ONS, 2019

Homeownership has become increasingly out of reach for workers even on middle incomes – and, worse still, an unattainable dream for those earning below average salaries. One estate agent recently found that bar staff, hairdressers and check out workers on the average salaries in their respective sectors would need to put away 10 per cent of their wages for over 100 years in order to afford a deposit on the average UK home.⁵⁴ Even with a 10 per cent deposit secured, the IFS find that as many as 40 per cent of people aged 25–34 are unable to borrow enough to buy the cheapest home in their area.⁵⁵

As the gap between average incomes and house prices has widened, in turn making the average deposit increasingly unaffordable, the proportion of all households renting privately has doubled from one in five to one in ten of all households.⁵⁶ The rapid growth of the private rented sector has also seen the sector inhabited by much higher proportion of the working population.

The number of households with at least one member in work living in the private rented sector grew by 2.5 million since 1996 and 1.2 million in the last decade alone.⁵⁷

53 ONS, *Housing affordability in England and Wales: 2017, 2018* www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/housingaffordabilityinenglandandwales/2017

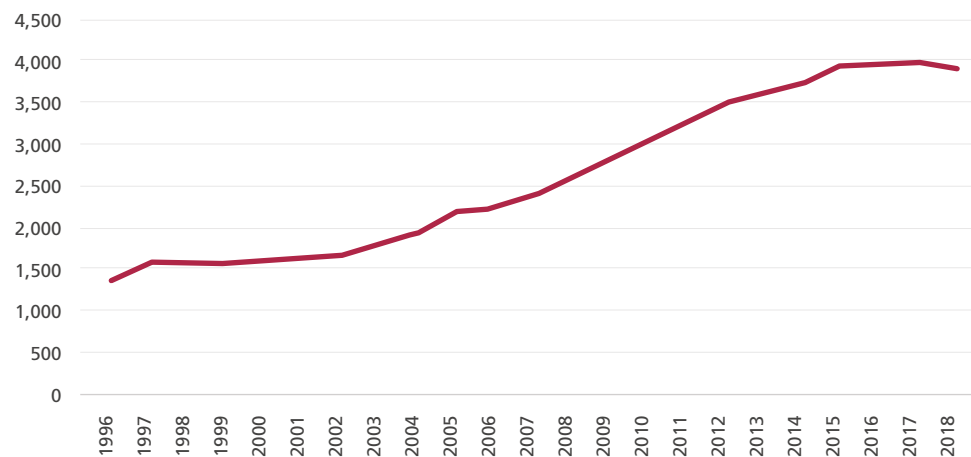
54 Droitwich Standard, '30 jobs which will take you 100 years or longer to save for a house deposit', 2018 [<https://droitwichstandard.co.uk/news/30-jobs-which-will-take-you-100-years-or-longer-to-save-for-a-house-deposit/>]

55 J Cribb and P Simpson, 'Barriers to homeownership for young adults', The Institute for Fiscal Studies (IFS), 2018 [www.ifs.org.uk/publications/13475]

56 MHCLG, *English Housing Survey 2017–18*

57 ONS, *Households by housing tenure and combined economic activity status of household members: Table D* www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workingandworklesshouseholdstabledhouseholdsbyhousingtenureandcombinedeconomicactivitystatusofhouseholdmembers

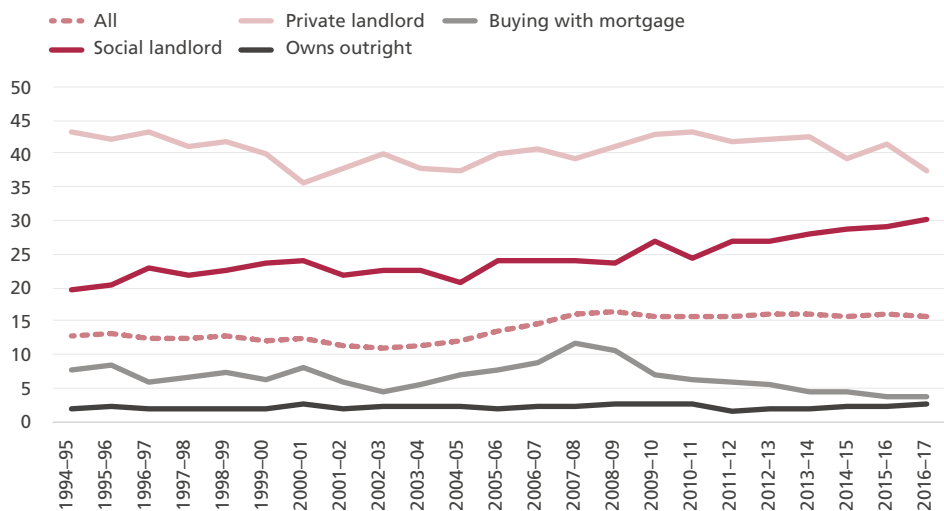
Figure 3: Households in the PRS with at least one member in work (thousands)



Source: CSJ analysis of Labour Force Survey

The proportion of PRS tenants paying at least one-third of their net income on rent increased from 34 per cent in 2000/01 to 38 per cent in 2015/16; in Greater London the proportion increased from 48 per cent to 56 per cent.⁵⁸ The PRS has remained the sector where tenants are most likely to be spending over a third of their income on housing. And by some way (see Figure 4). Larger numbers of the English workforce are therefore experiencing higher proportions of their wages swallowed up by rent. It should be noted that private rented sector affordability pressure is particularly concentrated, as with rising house price, in London and the South East.⁵⁹

Figure 4: Working-age adults spending more than a third of their income on housing by tenure



Source: JRF, 2017

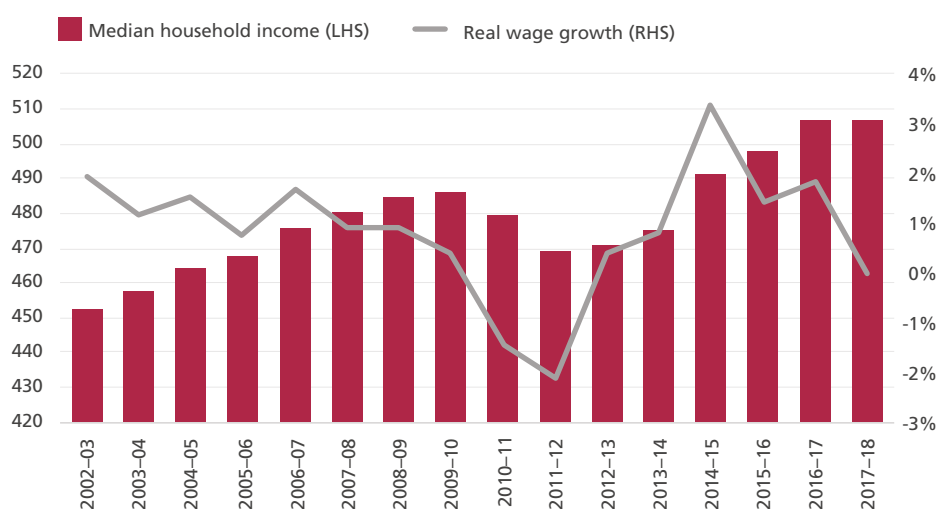
58 See J Rugg and D Rhodes, *The Evolving Private Rented Sector: Its Contribution and Potential*, University of York, Centre for Housing Policy 2018 [www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf]

59 BBC News, 'Reality Check: How much do we spend on rent?', 2018 [www.bbc.co.uk/news/business-44046392]

Indeed, many people are paying even more to live in their homes. In one study the ONS found that the most pressurised 18 areas were in London Boroughs with average rents in Westminster amounting to 73 per cent of average earnings.⁶⁰

Simultaneously, despite the significant jump of 4.9 per cent in the minimum wage to £8.21 introduced in April 2019, wage growth on whole has been sluggish in recent years. Median wage growth was 2.4 per cent in cash terms in 2017–18, but a rise in inflation of 2.7 per cent meant that the median income did not grow at all.⁶¹

Figure 5: Median household income, £ per week (2017–18 prices) and real wage growth



Source: IFS, 2019

Recent research has shown how chronically low levels of productivity have stunted wage growth.⁶² This, moreover, has made it even harder for thousands of workers to move onto the housing ladder as saving for a deposit has become impossible while simultaneously maintaining a decent standard of living. With average private rents on two-bedroom properties rising 60 per cent faster than average wages since 2011,⁶³ it is perhaps no wonder that 37 per cent of renters believe buying will remain forever out of reach.⁶⁴

Recent research has also underlined the low levels of regional job-moves – with workers largely staying put in the areas with low levels of productivity and pay.⁶⁵ High housing costs, as attributed by the Chief Secretary to the Treasury in a speech at housing conference in

60 ONS, Housing summary measures analysis, 2015 [www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/housing-summary-measures-analysis/2015-08-05#affordability-of-private-renting]

61 P Bourquin et al. In 2017–18, average household income growth stalled for first time since 2012–13, IFS, 2019 [www.ifs.org.uk/uploads/publications/bns/BN246.pdf]

62 See, for example, S Clarke and P Gregg, *Count the pennies: Explaining a decade of lost pay growth*, Resolution Foundation, 2018 [www.resolutionfoundation.org/app/uploads/2018/10/Count-the-Pennies-report.pdf]

63 That is, average wages for a two person household including one full-time worker and one part-time worker. See: Shelter, *Rents rises vs. wage rises in England 2011–2017*, 2018 [http://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/rents_rises_vs_wage_rises_in_england_2011-2017]

64 Guardian, 'UK housing crisis: four in 10 renters fear they will never own a home', 2016 [www.theguardian.com/society/2016/apr/30/uk-throes-of--housing-crisis]

65 S Clarke, *Get a move On?: The decline in regional job-to-job moves and its impact on productivity and pay*, Resolution Foundation, 2017 [www.resolutionfoundation.org/app/uploads/2017/08/Get-a-move-on.pdf]

2017,⁶⁶ are blocking people from taking the opportunities that will raise their incomes and improve their prospects:

Renters face high housing costs, with nearly half of income going on rents in London on average...

To paraphrase Norman Tebbit, the new generation want to get on their bikes, hit the road, and find the best jobs in the best cities. But even though this generation are keen cyclists, they're not getting in the saddle. Because it's no use getting on your bike to find a job, if you end up with nowhere to lock it up.

It doesn't matter where you want to go – Norwich, York or London, if you want to go there and get the best job, you should be able to. I want everyone to be able to move house to get a better job, so they can get on in life.

Liz Truss, Chief Secretary to the Treasury

For a number of years, employers have been increasingly likely to offer salary 'weighting' where the cost of living is higher. The key driver is local housing costs – or indeed commute costs due to the housing affordability pressure. A newly-qualified teacher, for example, earns an extra £5,000 in inner London. For lower income workers reliant on housing benefit, many have seen larger proportions of their earned income going towards housing costs. As the IFS notes:

the fraction [of private renters] whose housing benefit does not cover all of their rent has increased quite steadily, from 74% in the mid 1990s to 90% in the mid 2010s. The biggest change occurred among low-income working-age households with children, where it rose from 63% to 90% over the same period.

Claimants of housing benefit are eligible for support in line with the Local Housing Allowance (LHA) set for their area. The LHA was introduced in 2008 with the link between housing costs and employment in mind, among other considerations, so that workers were not disincentivized by housing support levels to increase their earnings or take up work.⁶⁷ Originally the LHA limited the financial assistance private renters could receive through Housing Benefit to 50 per cent of local market rents. In the same vein, the limit changed to the lowest 30 per cent of local market rents in 2011.

LHA rates were frozen in 2016 to last four years. Many have highlighted the extent to which, in certain areas, rents have risen above the LHA, arguing that workers are consequently facing problems worse than work disincentives, such as homelessness.⁶⁸ This is despite the existence of the Government's Targeted Affordability Fund, introduced to mitigate affordability issues for certain households – £125m was committed to the TAF in the Autumn Budget 2017.

The principal financial work incentive for working (and indeed out-of-work) benefit claimant remains the level of wages and take home pay they are entitled to. The introduction of Universal Credit (UC) simplifies housing support and rolls it into five other social security

66 UKPOL, 'Liz Truss – 2018 Speech at Spectator Housing Summit', 2018 [www.ukpol.co.uk/liz-truss-2018-speech-at-spectator-housing-summit/]

67 M Willey et al. *Housing and the economy: integrating strategies*, Chartered Institute for Housing (CIH), 2008 [www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Housing%20and%20the%20Economy.pdf]

68 CIH, *Missing the Target?: Is targeted affordability funding doing its job?*, 2018 [www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/Missing%20the%20target%20final.pdf]

benefits, while the existing design of housing benefit, the Joseph Rowntree Foundation explains, ‘creates ‘work disincentives and “poverty traps” because of the way it interacts with other benefits and the rate at which these are withdrawn as income rises’.⁶⁹ Recent and extremely welcome investment in UC has further improved work incentives for people on low incomes.⁷⁰ But persistently high levels of housing unaffordability – particularly in the private rented sector – continues to challenge the Government’s efforts to reduce the ‘poverty trap’ over the longer term, by limiting the take home pay workers receive.⁷¹

Those living in the social rented sector face other pressures. Although alarming disparities in the rates of employment remain between those living in different housing tenures since these were analysed in the Hills Review (2007), the proportion of working age social housing residents in employment has risen significantly in recent years to 58 per cent.⁷² Still, social residents remain concentrated in the lower income quintiles (with 46 per cent in the lowest income quintile and 26 per cent in the second lowest). This is, in part, down to skills barriers and employment opportunities. Where social tenants are in work, they earn half as much as those in owner occupation, and housing association tenants are more likely to work fewer hours, compounding lower levels of pay.⁷³

Previously the CSJ Housing Commission has called on the Government to pursue further policy efforts to engage disadvantaged social housing tenants with employment and skills training.⁷⁴ Yet the key issue surrounding the social rented sector is chronic undersupply, forcing greater numbers into the private rented sector where housing benefits can struggle to meet rising rents, and pushing further numbers into temporary accommodation (the harms of which are explored below).⁷⁵ Today there are some 1.1 million households on social housing waiting lists in England.⁷⁶

The pressures described in this section are affecting households in ways that transcend merely spending decisions and living standards. They also harm working families’ health and wellbeing. For example, as many as one in five English adults said a housing issue had negatively impacted their mental health in the last five years – with housing affordability issues being cited most frequently as the key issue behind this.⁷⁷

Without much higher quantities of truly affordable housing being supplied in the years ahead,⁷⁸ these pressures are unlikely to remit.

69 Joseph Rowntree Foundation, *Housing and Poverty*, 2015 [www.jrf.org.uk/sites/default/files/jrf/migrated/files/housing-poverty-roundup-full.pdf]

70 GOV.UK, *Universal Credit: Budget 2018 brief* www.gov.uk/government/publications/universal-credit-budget-2018-brief

71 R Tunstall, *The links between housing and poverty*, JRF 2013 [www.jrf.org.uk/file/43609/download?token=ytPqwTsl&filetype=full-report]

72 MHCLG, *English Housing Survey 2017–18*

73 J Dromey et al. *Building Communities that Work: the role of housing associations in supporting employment*, IPPR, 2018 [www.ippr.org/files/2018-07/building-communities-that-work-july18.pdf]

74 J Shalam, *Social Housing and Employment*, Centre for Social Justice, Housing Commission interim report one, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/07/CSJ6364-Social-Housing-and-Employment-Report180706-WEB.pdf]

75 J Shalam, *A Social Justice Housing Strategy: increasing the supply of truly affordable homes*, Centre for Social Justice, Housing Commission interim report two, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJ6574-Housing-Commission-2-Housing-Supply-181025-WEB.pdf]

76 MHCLG, *Live table 600*

77 Shelter, *The impact of housing problems on mental health*, 2017 [england.shelter.org.uk/__data/assets/pdf_file/0005/1364063/Housing_and_mental_health_-_detailed_report.pdf]

78 J Shalam, *A Social Justice Housing Strategy: increasing the supply of truly affordable homes*, Centre for Social Justice, Housing Commission interim report two, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJ6574-Housing-Commission-2-Housing-Supply-181025-WEB.pdf]

1.2.1.3 Housing insecurity and life in temporary accommodation

Notwithstanding the existence of a thriving, dynamic labour market, many workers today face higher levels of housing insecurity than in the recent past. For example, as shown in Figure 3, the number of workers living in the private rented sector has grown dramatically – to 3.9 million in 2019.⁷⁹ While the flexibility of the PRS is certainly beneficial for many people, in particular young people, travelling workers and students, its relative insecurity has meant that a higher number of workers now face the constant threat of having to move at two months' notice.⁸⁰ Indeed, the average tenancy length is 4.1 years, yet 81 per cent of renters are on contracts offering security of just six to twelve months.⁸¹ And many more working families with children – around 600,000 more than just a decade ago – are exposed to this type of housing insecurity.⁸²

The CSJ Housing Commission, in its third interim report, called on the Government to abolish Section 21 of the Housing Act 1988 (the clause which allows renting families to be evicted at two months' notice without a reason once their fixed term has ended). In a significant and welcome development, the Government responded in April 2019 by announcing a consultation on Section 21's repeal. With no precise timeline of introduction, however, working families are highly likely to continue to experience the same degree of insecurity in the PRS as they do currently until the repeal has been consulted on and new legislation has been passed. The decline of new social housing, paired with the growth of the private rented sector (and the well-documented affordability issues found therein),⁸³ has also contributed to a rise in the number of households living in temporary accommodation. Even more serious issues of insecurity are found therein.

When certain conditions are met,⁸⁴ it is incumbent on local authorities to find settled accommodation for households who become homeless via what is known as the 'main homelessness duty'. Historically, this has been an offer of a tenancy in social housing. Since the introduction of the Localism Act (2011), local authorities have had the power to discharge their duty through an offer of a twelve-month assured shorthold tenancy in the private rented sector. The majority of households continue to move – eventually – into social housing.⁸⁵ But local authorities unable to make an immediate offer of settled accommodation must ensure that temporary accommodation is found in the meantime.

While the passing of 2017's Homelessness Reduction Act brought in welcome new measures to bolster local authorities' role in both preventing and relieving homelessness, the number of families caught in the temporary accommodation trap remains alarmingly high. Official data shows that there are 84,000 statutory homeless households currently living in

79 CSJ analysis of the Labour Force Survey, 2019

80 J Shalam, *Putting Down Roots: Improving security for renting families and private landlords*, Centre for Social Justice, Housing Commission interim report three, 2019 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2019/03/putting-down-roots.pdf]

81 Ibid

82 MHCLG, *English Housing Survey 2017–18*

83 The proportion of PRS tenants paying at least one-third of net income on rent increased from 34 per cent in 2000/01 to 38 per cent in 2015/16; in Greater London the proportion increased from 48 per cent to 56 per cent. See J Rugg and D Rhodes, *The Evolving Private Rented Sector: Its Contribution and Potential*, University of York, Centre for Housing Policy 2018 [www.nationwidefoundation.org.uk/wp-content/uploads/2018/09/Private-Rented-Sector-report.pdf]

84 To qualify applicants must meet the five following criteria: be homeless or threatened with homelessness within 28 days; be eligible for assistance (e.g. be a UK national or habitually resident); be in priority need (e.g. have dependent children or demonstrate that you are significantly more vulnerable than the average person facing homelessness); be unintentionally homeless; and have a local connection to the local authority in which you make a homelessness application.

85 MHCLG, Live Tables 777 and 778 [www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness]

temporary accommodation, waiting for an offer of permanent settled accommodation.⁸⁶ This represents a 47 per cent increase in five years, up from 56,000 in June 2013.⁸⁷ A continuation of current trends, according to Crisis's Homelessness Monitor, would see placements in temporary accommodation exceed 100,000 by 2020.

Families may also be housed in what has been referred to as 'unsupported temporary accommodation', including private hostels, bed and breakfasts (B&Bs), and guesthouses.⁸⁸ Though accounting for a small number of placements overall, the number of households rehoused in B&Bs has risen particularly quickly – 250 per cent higher than in 2009.⁸⁹ Where the quality is low, thriving in work is likely to be made much more difficult in this environment.

As shown by one recently published example, a mother and her three sons having lived in a private rented property in Watford for 13 years was evicted by their landlord, forcing them to move into a hostel. The family spent three months in the hostel before being moved into temporary accommodation. She shared her experiences of living in temporary accommodation while working forty hours a week on 5p over the minimum wage:

We were stuck in an absolute hubble of a rat-infested hostel. Food would get stolen. I nearly lost my job when we first became homeless because transport links to work were so bad.

I feel like we're in a vicious cycle. We've been in properties that are freezing and have mould crawling up the walls. And we're still uncertain of our future... I love my job and have worked there for four and a half years. I've just accepted a 40 hour a week temporary to cover the manager...

It's a very uncertain future in temporary accommodation. It's very scary actually 'cause we don't know what's going to happen when it comes to November when my tenancy runs out, what's going to happen after that? Am I going to be moved again somewhere else? I haven't got a clue. I haven't got any friends or family in Birmingham and that's where they suggest you move to.⁹⁰

Mother in full time work, London

Many people are unable to be rehoused, even 'temporarily', in their local area. Between December 2010 and December 2018 households placed in temporary accommodation outside the local authority that recorded them as homeless increased by 250 per cent.⁹¹ Workers naturally face further pressures from out of borough moves, such as longer commutes or jobs no longer becoming feasible, as suggested in the example of the mother above.

86 MHCLG, Households in temporary accommodation, 2018 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764357/TA_Tables.xlsx]

87 Ibid

88 Homeless link, 'Nowhere Fast: the reality of unsupported temporary accommodation', 2016 [www.homeless.org.uk/connect/blogs/2016/apr/12/nowhere-fast-reality-of-unsupported-temporary-accommodation]

89 S Fitzpatrick, H Pawson, G Bramley, S Wilcox, B Watts & J Wood, The homelessness monitor: England 2018, Crisis, 2018 [www.crisis.org.uk/media/238700/homelessness_monitor_england_2018.pdf]

90 The Independent, 'More than half of homeless families in England are in work, figures show', 2018 [www.independent.co.uk/news/uk/home-news/homeless-families-temporary-accommodation-work-shelter-social-housing-a8459036.html]; Channel 4, More than half of families in temporary accommodation are in work, 2018 [www.channel4.com/news/more-than-half-of-families-in-temporary-accommodation-are-in-work]

91 W Wilson and C Barton, Households in temporary accommodation (England), House of Commons Library, 2018 [researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02110#fullreport]

The Marmot Review Team in the early 2010s summarised the existing evidence showing that poor quality or insecure housing can exacerbate the already harmful aspects of poverty and affect living standards for workers and their children.⁹² Temporary accommodation is, beyond its inherent instability compared to other housing tenures, an environment typically poorly suited to fostering productive employees, with unsupported temporary accommodation exhibiting some of the worst quality standards and rates of overcrowding.⁹³

In another recent investigation, a security guard working in London described the intense pressure he felt maintaining productivity at work while living in temporary accommodation.

When I'm on my way to work I feel tired. And when I'm supposed to be at work I then don't have the energy for me to move or do anything at work – I just feel restless...

It's like I'm Superman. In the daytime I'm a security guard, at the night time I'm homeless...⁹⁴

Security guard, London

But despite this, freedom of information request data suggest that as many as 55 per cent of families in England without a permanent stable home are in employment.⁹⁵

That translates to approximately 33,000 families currently living in hostels or other forms of temporary accommodation while also maintaining employment.⁹⁶ The figures also indicate that this has risen by 73 per cent since 2013 when 19,000 families were in the same position.⁹⁷ Recent international evidence highlights the link between insecure housing and insecure employment and poor mental health.⁹⁸

1.2.1.4 Barriers to housing

A range of problems restrict people's access to housing, with implications for people out of work seeking employment as well as those seeking career advancement or wage increases. The barriers to accessing permanent accommodation can be particularly damaging to those already struggling to maintain employment while living in temporary accommodation.

During recent CSJ discussions with out-of-work welfare claimants, problems regarding access to housing were recurrent themes.⁹⁹ Individuals who were waiting for allocation on social housing waiting lists were restricted in their ability to take jobs outside of that borough for fear they would be dropped from the waiting list. In one instance, a claimant in Liverpool couldn't take a job in Hull because it would have meant losing his place on

92 The Marmot Review, Fair Society, Healthy Lives, 2010 [www.instituteofhealthequity.org/resources-reports/fair-society-healthy-lives-the-marmot-review/fair-society-healthy-lives-full-report-pdf.pdf]

93 C Maciver, C Snelling, A Fleming and B Davies, *The Journey Home: Building a solution to unsupported temporary accommodation*, IPPR, 2016 [www.ippr.org/files/publications/pdf/the-journey-home_report_Dec2016.pdf]

94 Channel 4, More than half of families in temporary accommodation are in work, 2018 [www.channel4.com/news/more-than-half-of-families-in-temporary-accommodation-are-in-work]

95 Shelter, *Shelter research – In work, but out of a home*, 2018 [https://england.shelter.org.uk/_data/assets/pdf_file/0004/1545412/2018_07_19_Working_Homelessness_Briefing.pdf]

96 Ibid

97 Ibid

98 R Bentley et al. 'Does employment security modify the effect of housing affordability on mental health?', *SSM – Population Health* Volume 2, December 2016, Pages 778–783, 2016 [www.sciencedirect.com/science/article/pii/S2352827316300660]

99 P Spencer, *The Future of Work: Regional Revolution Part 11*, 2018 [www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/09/CSJJ6498-Rust-Belt-Revolution-180925-WEB.pdf]

the social housing waiting list, making him homeless in the process.¹⁰⁰ Many landlords are also unwilling to let their properties to recipients of Housing Benefit,¹⁰¹ further limiting the extent to which people on lower-incomes are able to take up employment opportunities.

Beyond the longer-term affordability pressures examined above, recent research has illustrated the extent to which some people are unable to move into more suitable or more affordable properties because of prohibitive upfront costs.¹⁰²

The main expense when moving into a private rented property is the deposit. Landlords typically require a rent advance of a month and the equivalent of four to six weeks' rent as a security deposit (though this can be much higher for renters born outside of the UK). The average deposit in 2018 was £1,110, up by 16 per cent a decade ago.¹⁰³ In London, Dlighted found the average deposit to be as high as £3,015.¹⁰⁴ The Government recognises the issues these barriers cause and is, alongside its reforms to letting fees, has consulted on proposals enabling tenants to pay their deposit in instalments over the first few months of their tenancy. In December 2018, the Government announced plans to reduce the amount tenants have to pay up front to secure a home from six weeks' rent to five – for annual rentals of under £50,000.¹⁰⁵

Interviewees in a 2017 study showed how the barriers to private rented accommodation described above had a negative impact on individuals' employment prospects. In one instance, a family member living at home unemployed and could not move out as he did not have the funds to cover the deposit.¹⁰⁶ A separate interviewee's son earned £250 a week and, paying £40 child maintenance a week, simply could not afford a deposit even though he had found properties where rent was at an affordable level.¹⁰⁷ Other interviewees recalled taking an unsuitable property simply because the lower deposit enabled them to access it over more preferable accommodation.¹⁰⁸

Despite recent and welcome reforms banning costly letting fees, tenants have to fund the cost of a move and pay other associated expenses. It has been noted that, for those on lower-incomes and with low existing savings, these initial costs (for example removal services and furniture) can be even more prohibitive. The number of people in relative low income living in the private rented sector grew by 1.5 million in the decade to 2017.¹⁰⁹

100 Ibid

101 K Reeve et al. *Home: no less will do: Homeless people's access to the Private Rented Sector*, Crisis, 2016 [www.crisis.org.uk/media/20493/home_no_less_will_do2016.pdf]

102 B Robson, *Access to rent: deposit loan scheme*, Joseph Rowntree Foundation. 2018 [www.jrf.org.uk/report/access-rent-deposit-loan-scheme]

103 S Harriot, *Statistical Briefing: UK Tenancy Deposit Statistics 2017–18*, The Dispute Service, 2019 [www.tdsnorthernireland.com/public/support/tenancy-deposit-statistics-2017-18-v11-final.pdf]

104 Landlord Today, 'Average tenancy deposit exceeds £1,500 in major cities, Dlighted claims', 2018 [www.landlordtoday.co.uk/breaking-news/2018/3/average-tenancy-deposit-exceeds-1-500-in-major-cities-dlighted-claims]

105 MHCLG, 'Security deposit cap reduced to save renters hundreds of pounds', Press Release, 2018 [www.gov.uk/government/news/security-deposit-cap-reduced-to-save-renters-hundreds-of-pounds]

106 B Robson, *Access to rent: deposit loan scheme*, Joseph Rowntree Foundation. 2018 [www.jrf.org.uk/report/access-rent-deposit-loan-scheme]

107 Ibid

108 Ibid

109 CSJ analysis of Department for Work and Pensions, *Households Below Average Incomes*, 2019

Private renters are six times more likely than owner-occupiers and three times more likely than social renters to move.¹¹⁰ And churn – that is, moves within the sector – has increased over the last two decades from 465,000 households in 1996–97 to 860,000 in 2017–18.¹¹¹

Workers on low incomes are therefore facing costly barriers to appropriate housing much more widely. One survey found that four in ten tenants said that they needed to borrow money to pay a tenancy deposit, raising the risk of finding themselves in serious personal debt.¹¹² The charity Crisis found that 80 per cent of homeless people they surveyed encountered problems raising money for a deposit and 73 per cent had difficulty with advance rent requirements.¹¹³ The Government announced in 2018 a £20 million ‘access fund’ to help up to 9,000 vulnerable people into private rented homes; local authorities will bid for the funding to provide support for tenancy deposits.¹¹⁴

For some workers – even those with the ability to secure a deposit – accessing private rented sector housing is precluded by the terms of their employment. Workers on zero hours contracts, of whom there are 844,000 today,¹¹⁵ can face considerable variations in pay from month to month, making it unappealing for some landlords to let to them. As Richard Lambert, chief executive of the National Landlords Association, explains: ‘A landlord might be concerned if they knew a prospective tenant was on a zero-hours contract because tenants who rely heavily on commission or variable hours tend to have a fluctuating income’.¹¹⁶ One recent study found that fewer than two in ten private landlords surveyed (17 per cent) would be happy to let to somebody on a zero hour contract.¹¹⁷

1.3 Employers are feeling the pressure too

While higher numbers of workers are struggling as a result of mounting housing pressures, employers are feeling the pressure too. New polling of large UK employers (with 1,000+ staff) carried out by Survation for the CSJ Housing Commission investigated business leaders’ views on how housing is affecting their business.¹¹⁸ We discovered alarming levels of concern across a range of issues.

110 MHCLG, English Housing Survey 2017–18

111 Ibid

112 Landlords Today, ‘40% of tenants have to borrow to pay tenancy deposits’, 2013 [www.landlordtoday.co.uk/news_features/40-of-tenants-have-to-borrow-to-pay-tenancy-deposits]

113 K Reeve et al. *Home: no less will do: Homeless people's access to the Private Rented Sector*, Crisis, 2016 [www.crisis.org.uk/media/20493/home_no_less_will_do2016.pdf]

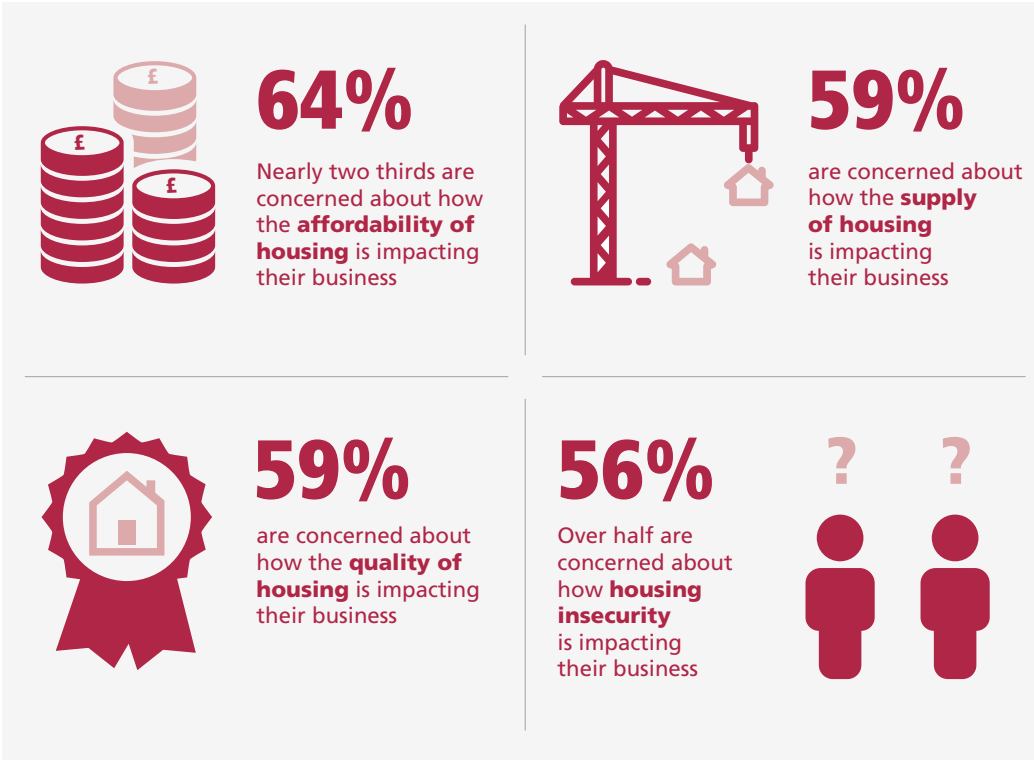
114 MHCLG, ‘James Brokenshire launches £20m fund to help homeless into private rented homes’, Press Release, 2018 [www.gov.uk/government/news/james-brokenshire-launches-20m-fund-to-help-homeless-into-private-rented-homes]

115 ONS, EMP17: People in employment on zero hours contracts, 2019 [www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts]

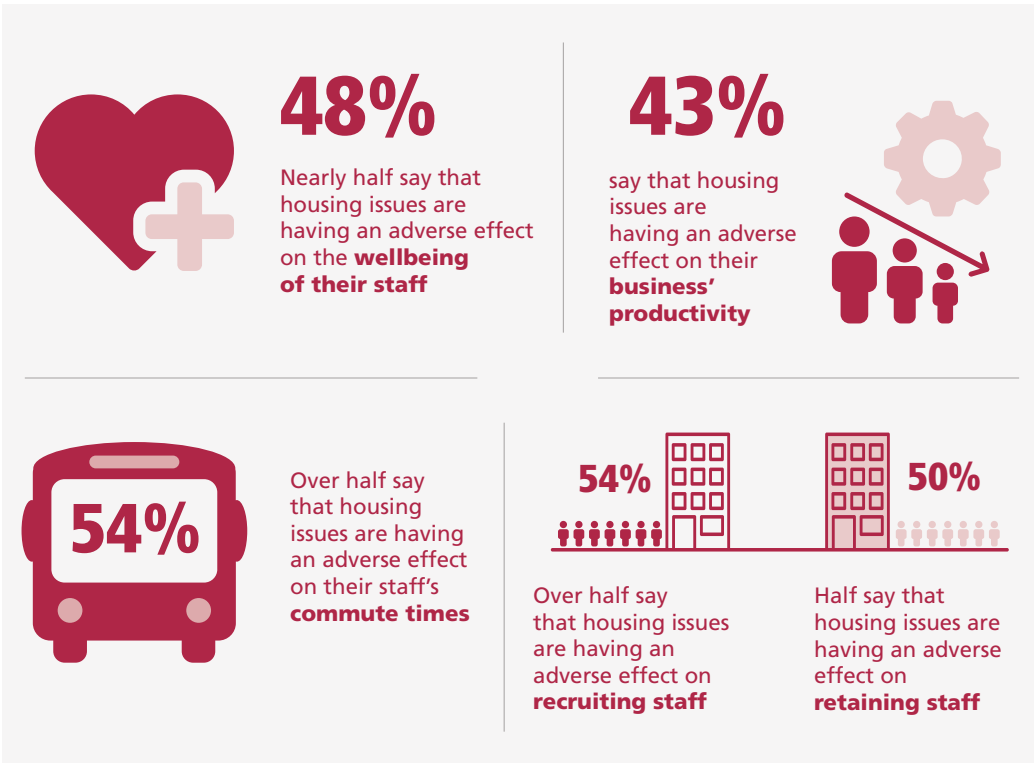
116 Guardian, ‘Zero-hours contract workers turned away by some of UK's biggest landlords’, 2014 [www.theguardian.com/uk-news/2014/oct/31/zero-hours-contract-workers-turned-away-britains-biggest-landlords]

117 B Harding, Ready to Move On: Barriers to homeless young people accessing longer-term accommodation, CentrePoint, 2018 [<https://centrepoin.org.uk/media/3048/ready-to-move-on.pdf>]

118 Prepared by Survation on behalf of the Centre for Social Justice. Sample size: 505. Methodology: UK business leaders at companies of 1000+ employees interviewed online. Fieldwork dates: 1st–24th April 2019



Taken together, large numbers of employers believe housing issues are having a directly adverse effect on numerous aspects of their business. Our poll reveals that:



Survation also carried out a series of depth interviews for the CSJ Housing Commission with senior decision makers of large employers to explore these issues further.¹¹⁹ Employers interviewed included a major food outlet, a major bank, a wholesaler, a private hire taxi company, and county council. Their answers revealed high levels of concern about the impact of housing pressures on their staff and wider society, as well as the performance of their business.

On affordability:

“... we see the people who are really struggling at the bottom of the heap, but it’s hitting all people who are working, particularly in London. The rent in the private rental sector is just so expensive that it makes life very difficult. Well over half of people’s wages is going on rent. You’ve got to go further out to zones 4, 5 or 6 to get affordable housing anyway. I think it is an issue, and that’s why employers need to pay decent wages and have other benefits that can help employees...”

“... if you’re coming into any of the big cities, the house prices go up, right? There are people starting off in their industry, if they’re coming in at the bottom, and the affordability’s not there to buy something, so they’re having to move further afield, further out...”

“... Housing supply issues and the quality of housing can really affect a whole family for a long period... It does effect employers...”

On housing insecurity:

“... ultimately, if their housing situation is not secure, it’s going to be very difficult for them to maintain their employment...”

119 Prepared by Survation on behalf of the Centre for Social Justice. Methodology: Six UK business leaders at companies of 1,000+ employees (respondents to the online survey) interviewed over the phone. Fieldwork dates: April-May 2019

On how housing issues impact business:

“... Well, I think people just turning up to work at all, if they’re sofa surfing or they can’t pay their rent for whatever reason and then they get kicked out. That would be retention. And, then performance at work as well. If someone is living in substandard accommodation somewhere or living on the streets or moving from place to place, they’re not going to be as capable and able. So, you’re not going to be getting standard from your employees if they’re not housed adequately... Not performing well or not turning up some days. But that’s all costs to the business ultimately...”

“... if the employee doesn’t have a solid base, some place they can call home, then it impacts on their work, right? They’re not as efficient, they’re not as productive, because they’ve got this worry about where they’re staying, and they don’t know what they’re going back to, you know? ... It impacts their [p]roductivity, their efficiency, and then it filters through, you know, you could have bad feelings, just because if you’re in a bad mood you can take it out on other people...”

“... Assuming that you’ve got a reasonable person that you work for, and assuming that the hours are sensible, I would say it’s by far the number one issue...”

Earlier studies indicate that these issues are not new, at least in London. Two thirds of respondents to the CBI’s most recent London Business Survey said that housing costs and availability had a negative impact on the recruitment of entry-level staff. This represented a record high in the survey’s history, rising from 57 per cent in 2015. Over a quarter (28 per cent) of respondents said employees are actually leaving their jobs because they cannot afford to live in the local area.¹²⁰

Prior research carried out by the London Chamber of Commerce in 2014 found that ‘Housing undersupply negatively affects London businesses in four principal ways: Remuneration; Recruitment and Retention; Punctuality and Productivity; and Resilience.’¹²¹ Over two in five (42 per cent) of London businesses in the study felt their ability to recruit and retain skilled workers was negatively affected as a result of increased housing costs.

The shortage of local affordable housing, particularly in Central London, has led to employees commuting from as far away as Brighton, Portsmouth and Cambridge. This, the LCC argue, exposes them to transport problems that result in numerous late starts – ‘collectively equating to thousands of hours of lost productivity.’ Indeed, one third (33 per cent) of London firms believed the lack of affordable housing to rent or own local to their place of work was affecting employee productivity and punctuality. Employees that regularly experience travel fatigue are less likely to be productive employees, as long

120 Confederacy of British Industry, ‘London housing shortage a ticking time bomb for firms – CBI/CBRE’, 2018 [www.cbi.org.uk/media-centre/articles/london-housing-shortage-a-ticking-time-bomb-for-firms-cbicbre/]

121 London Chamber of Commerce, *Getting our house in order: The impact of housing undersupply on London businesses*, 2014 [www.londonchamber.co.uk/LCCI/media/media/Policy%20and%20Campaigning/Getting-our-house-in-order-The-impact-of-housing-undersupply-on-London-businesses.pdf?ext=.pdf]

commutes have been found to make workers less happy and more anxious.¹²² The LCC also highlight the increasing numbers of ‘blue light’ workers – such as those in the ambulance service, police or fire service – having to make longer commutes, putting the capital at greater risk in the event of crisis situations.¹²³

These points, made by business advocacy groups, are echoed by organisations representing workers. In a report looking at the housing crisis, the Trade Union Congress found that the lack of ‘decent housing also has a negative effect on people’s ability to work effectively in their jobs... Poor housing impacts on health and education, holding back the development of human capital and general ‘work-readiness’’.¹²⁴ The same report also cited evidence indicating that the inability of workers to move easily around the country poses serious constraints to the labour market.¹²⁵ Indeed, some academics have argued that it is possible that high housing costs may actually restrict the growth of lower-paid job opportunities in such areas, creating a barrier to employment on the ‘demand’ or employer side rather than the ‘supply’ or potential employee side.¹²⁶

1.2.4 Conclusion

As we have seen in this chapter, there are not only strong roots to employer housing support in this country, but employers today are well aware of the intense pressures housing issues are placing on the wellbeing of their staff and the prosperity of their businesses. All these issues – housing insecurity, unaffordability, undersupply and poor quality – risk undermining the steps people take to throw off the chains of poverty and thrive in work.

Over the course of its Housing Commission, the CSJ has called on the Government to introduce radical and necessary reforms in order to tackle these pressures, including dramatically increasing the supply of truly affordable housing, revolutionising employment support in the social rented sector and improving security in the private rented sector for both renting families and private landlords. Major changes in policy have since been achieved: the abolition of councils’ housebuilding borrowing cap announced in Autumn 2018 and, more recently, the announcement to repeal Section 21 of the Housing Act 1988. In this report, however, we attempt to look beyond the power of government. The best employers appreciate the wider social role they can play, and should be supported by government to help tackle what the Prime Minister has described the most pressing domestic policy issue today: the housing crisis.

In Part 2, we reveal with new polling and depth interviews the ways employers are already beginning to return to housing support. We illustrate the most compelling examples of employer housing support in existence today. And we challenge a new generation of employers, with the encouragement and assistance of government, to take aim at the housing crisis currently gripping the lives of many of their employees, consumers and people living in poverty.

122 ONS. *Commuting and Personal Well-being*, 2014 [www.researchgate.net/publication/271191327_Commuting_and_Personal_Well-being_2014]

123 London Chamber of Commerce, *Getting our house in order: The impact of housing undersupply on London businesses*, 2014 [www.londonchamber.co.uk/LCCI/media/media/Policy%20and%20Campaigning/Getting-our-house-in-order-The-impact-of-housing-undersupply-on-London-businesses.pdf?ext=.pdf]

124 Trade Union Congress, *Escaping the UK housing crisis: Setting a new vision for 2015–2020*, 2015 [www.tuc.org.uk/sites/default/files/Addressing%20the%20housing%20crisis%20-%20the%20next%20five%20years%20May%202015_0.pdf]

125 Ibid

126 R Tunstall, *The links between housing and poverty*, JRF 2013 [www.jrf.org.uk/file/43609/download?token=ytPqwTsl&filetype=full-report]

part two

Employer housing today: how employers can help solve the housing crisis

Employer housing support today

Many employers today, as in the past, believe that their role should extend well beyond turning a profit, providing products to consumers or employment to their staff. As new polling carried out for the CSJ Housing Commission by Survation reveals, **nearly half (48 per cent) of large UK businesses currently offer some kind of housing support, ranging from providing information on their website to actually being involved in the delivery of new homes.**¹²⁷

Given the significant pressures housing issues place on both businesses and their employees, this will perhaps come as no shock. There is a clear business case for offering this type of support. For example, **of the employers currently offering housing support over half (54 per cent) cite more effective staff retention as one of the key incentives to do so; 47 per cent also say better staff wellbeing and more effective recruitment.**

Yet there is clear appetite among employers to engage even more ambitiously in housing support. **Of the employers not currently offering any type of housing support, as many as one third (35 per cent) said they would be willing to provide it in the future.**

In this chapter, we highlight case studies of employers leading the way in housing support. We point to these examples and make recommendations – to government, but just as importantly, to businesses themselves – which we hope will unlock the potential for the best employers to play an even more significant role in solving the housing crisis in the years ahead.

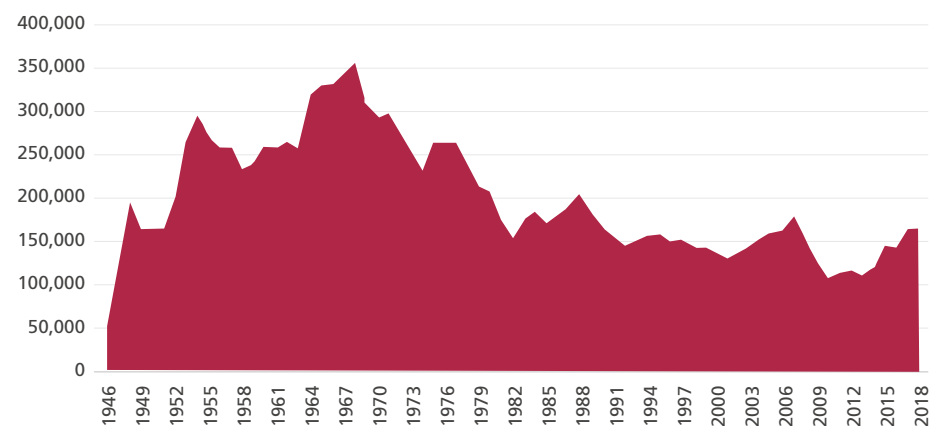
¹²⁷ Detailed analysis of the polling data is presented throughout this chapter.

2.1 Supply: employers can help us reach 300,000 new homes a year

The Government has emphasised repeatedly that a key component of the housing crisis is the undersupply of new homes. It has set correspondingly ambitious housing delivery targets. The Autumn Budget 2017 aimed to put England 'on track to raise housing supply to 300,000 per year, on average, by the mid-2020s'.¹²⁸ In the Spring Statement 2019, the Government reaffirmed this commitment.¹²⁹

The Government's aim to boost housebuilding to levels not seen in over half a century has been welcomed by many. But it is clear that a significant upturn in supply is needed in order to achieve this. Data collected by local authorities and published by MHCLG recorded that just 165,000 new homes were completed in 2018 (see Figure 6).¹³⁰

Figure 6: Permanent dwellings completed, England



Source: MHCLG, 2019

These figures do not, it should be noted, capture the full extent of new homes delivered each year. MHCLG also publishes data tracking net additional homes – that is, including converted properties and new builds and as well as homes demolished – from 2006–07. Progress has been made since net additional dwellings fell to as low as 125,000 in 2012–13, with 2017–18's net additions reaching 222,000. In this more reliable dataset (according to MHCLG), the number of new builds completed is recorded as 195,000.¹³¹ This represents the second highest net count in a decade, since 223,530 were delivered in 2007–08 (see Figure 7).¹³²

128 HM Treasury, *Autumn Budget 2017: Building the homes the country needs*, 2017 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661430/Building_the_homes_the_country_needs.pdf]

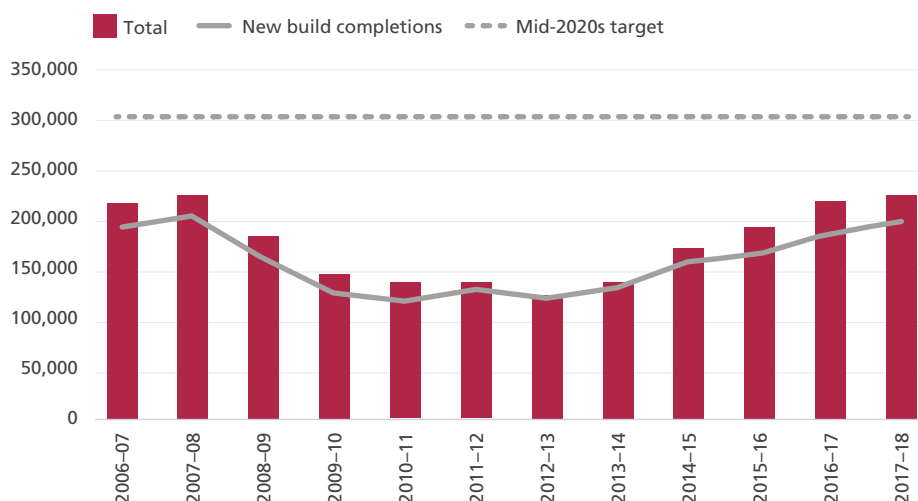
129 HM Treasury, Spring Statement 2019: Philip Hammond's speech, 2019 [www.gov.uk/government/speeches/spring-statement-2019-philip-hammonds-speech]

130 MHCLG, Live Table 244

131 MHCLG, Live Table 120

132 Ibid

Figure 7: Net additional dwellings 2006–07 to 2017–18



Source: MHCLG, 2019

Yet despite the more positive impression given by this data, there remains a significant way to go for the Government to boost delivery up to the level set out in 2017’s Budget, let alone the level required to meet the backlog of ‘concealed’ households and those in desperate need. The graph above illustrates the large and consistent gap between the rate of housing delivery seen over the previous decade and the mid-2020s target. Indeed, recent analysis produced by Professor Glen Bramely and published by Crisis suggests that as many as 340,000 new homes are needed every year when taking into account the growing number facing intense housing pressure such as high levels of unaffordability and statutory homelessness.¹³³

The Government has responded with a wide-ranging strategy to increase the numbers of homes delivered every year, outlined initially in the white paper *Fixing our broken housing market* (2017).¹³⁴ This has included a blend of demand- and supply-side stimulants such as renewing the (revised) Help to Buy scheme until 2023 in the former category, and new strategic partnerships with private developers and housing associations in the latter. Sir Oliver Letwin was commissioned to investigate why build out rates have been so slow on certain sites, with the government’s response due imminently, accompanied by an Accelerated Planning green paper this year. The nascent built-to-rent sector (more on this later) has been encouraged through new government guarantees. Permitted developments have been extended. And councils have been challenged to deliver a ‘new generation’ of homes, empowered by the abolition of the cap on housebuilding borrowing, in line with CSJ Housing Commission recommendations made in 2018.¹³⁵

However, the Government should not be limited to the current combination of policy levers it is pulling in its efforts to drive up the supply of homes. Rather, it should be utilising every available weapon in the arsenal.

133 Prof Glen Bramley, *Housing supply requirements across Great Britain: for low-income households and homeless people*, Crisis, 2018 [www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf]

134 DCLG, *Fixing our broken housing market*, 2017 [www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf]

135 MHCLG, ‘Government announces new generation of council homes’, Press Release, 2018 [www.gov.uk/government/news/government-announces-new-generation-of-council-housing]

Polling undertaken for this research reveals that just under half (48 per cent) of all large employers say that they are already involved to some degree in supplying homes, either for their staff or for wider society. This rises to 56 per cent in London. In light of this evidence, policymakers should no longer neglect the existence of employer-driven housing, particularly given its strong potential to support the Government's ambitious housing delivery targets, as we argue below.

2.1.1 Employers delivering new homes

Building societies, as they began to emerge in the eighteenth century, allowed members to pool funds for both the building of houses and purchase of land. Indeed, by the early twentieth century building societies were behind some of the 'biggest housing ventures ever constructed'.¹³⁶ While their role pivoted after the Second World War to focus on lending, the largest building society, Nationwide, which today employs some 18,000 people, has gained commendation by returning to its roots with an ambitious planned development of a small village in Swindon.¹³⁷

Building on our housing heritage, our mutual purpose, and our founding principle that people can achieve more together than they can alone, we aim to show that it's possible to develop quality homes at fair prices.

By challenging existing practice in just a small way here in Swindon and ensuring the views of locals shape our development, we hope to make an innovative contribution to the national housing debate.

Joe Garner, Chief Executive, Nationwide

Case study 1: Nationwide and Oakfield

Over course of the twentieth century, over one hundred building societies merged to form Nationwide – now the largest building society in the world. Today, Nationwide is also a large employer, with some 18,000 members of staff across the UK.

In 2017 Nationwide announced that over the next few years it would be shaping a 'significant housing project' with the aim to construct homes in Swindon, at a site three miles from their head office.

The area is known locally as Oakfield Campus: a brownfield site once occupied by the University of Bath, allocated for housing by the local council in 2015. The development, according to Nationwide, is intended to deliver long-lasting benefits and meet local housing needs.

The building society has worked with the local community to decide on the number and mix of properties to be built, as well as employed a specific community organiser to find out what kind of homes local people need by knocking on doors, conducting surveys and hosting events.

Working together with both local communities and Swindon Borough Council has led to a plan for a neighbourhood of 239 homes, with the plan to start building in 2019.

136 Guardian. 'Nationwide gets back to its roots by building homes', 2019 [www.theguardian.com/money/2019/apr/06/nationwide-gets-back-to-its-roots-by-building-homes]

137 Ibid

Nationwide represents a clear example of a large employer using its capital to pursue housing aims on a not-for-profit basis in England today. Critically, the scheme distinguishes itself from private developments as Nationwide are not seeking the 20+ per cent profit margin which is usually forms the basis of a private scheme's 'viability'. The location of the scheme, according to Nationwide, is a 'semi-viable brownfield site' that private developers would not be able to build on to make a profit, especially if they were aiming to maintain a ~30 per cent proportion of affordable housing. However, Nationwide's not-for-profit approach, their housing team argues, allows them to do this. Nationwide is working with a consultant designer and local housing association; the building itself will be subcontracted to local firms.

It sees its plans in Swindon as 'a new approach to the housing crisis', responding directly to members who have 'steered Nationwide in this direction in response to the challenges currently facing society.' 'We want to create a blueprint that others can follow, to show the quality you can get if you forgo some of the profit', representatives of Nationwide told the CSJ during the course of this research.

Approximately 70 per cent of the development will, however, sell or be let at the going market rate. The development is aiming for 30 per cent be affordable housing, with rental and affordable homeownership products offered through the partnered private registered provider of social housing. This is, it should be noted, a higher percentage of affordable homes than the current newbuild average. But it will be important, following the findings of the CSJ Housing Commission's second interim report, to ensure that this is *truly* affordable housing and suitable for those in greatest need of housing need locally.

Further, any difficulties with the development, as these emerge, will provide crucial learning for employers seeking to replicate the model in the future.

Nationwide's model differs from some of the historical examples of employer housing support which have focused on housing certain types of employees. The village will be open to all consumers and homebuyers and is not limited to those taking out Nationwide mortgages.

As well as building homes for new communities, some higher education institutions (which blend both public and private funds to operate as large employers as well as centres of learning) have recently invested millions in new homes for the purposes of their staff needs. In July 2017 residents moved into new homes at the Eddington estate, a development financed via a £350m investment by Cambridge University to support staff by providing them with affordable accommodation. The investment was led by the university as high house prices and rents have adversely impacted its ability to attract and retain talent.¹³⁸

138 Cambridgeshire Live, Cambridge University 'shutting out' low-paid staff from new housing, says council boss, 2017 [www.cambridge-news.co.uk/news/cambridge-news/cambridge-university-shutting-out-low-13455560]

Case study 2: Cambridge University – Eddington estate

Eddington is an entirely new district two miles northwest of Cambridge and the largest capital project in the university's history, created to help secure long-term growth by helping key workers find accommodation. The development comprises 3,000 homes, half of which have been reserved for key workers, and the other half available for sale on the open market. Accommodation will also be provided for 2,000 postgraduate students. The homes have been created through a partnership with the developer, Hill, and are mostly one- and two-bedroom apartments with a limited number of family homes.¹³⁹

Rents at Eddington are standardised and based on a third of the gross weighted average salary taking into account the University's salary spine of grades 1–9 (or equivalent for those outside of the University pay scale). Current rents are £765 pcm for a one-bedroom apartment (excluding bills), £960 pcm for a two-bedroom apartment (excluding bills), and £675 pcm for one bedroom in a four-person shared apartment (including bills).¹⁴⁰

Key workers are those employed by the university and its colleges who have been accepted as a priority for housing with regard to their housing need and contribution to the functioning and success of the university and its colleges. This could include staff from outside organisations whose roles relate to the university, such as individuals from other research facilities.¹⁴¹

'Designed and built to be a neighbourhood... not just a place to live',¹⁴² Eddington includes a primary school, nursery, shops, supermarket, sports facilities, open spaces, and a community centre for events and performance arts.

Housing is for employees who cannot afford open market rent and who have a contract with the university or college or affiliated organisation with at least 12 months remaining. Eligible applicants are prioritised according to geography, with priority given to those new to the area. Other criteria include "hard to fill" posts, family circumstance, and immediacy of housing need.¹⁴³

The vision for Eddington is to create a place that is sustainable, long-lasting and ambitious, offering a high quality of life to enhance both the City and University of Cambridge.

Eddington Cambridge

The scheme in Cambridge has not been without criticism. One local councillor, for example, expressed concern that the development fails to accommodate lower-paid support workers in addition to academic staff (the university ranks eligibility by how 'hard to fill' the post is).¹⁴⁴ It was also emphasised that that the university was exempt from providing social housing in favour of providing its own rented homes for staff, and that tenancies of up to two or three years are unsatisfactory for lower-paid employees requiring family homes and more secure tenancies.¹⁴⁵

139 Eddington Cambridge [www.eddington-cambridge.co.uk/about-us/our-vision-and-history]

140 Eddington Cambridge, Key Worker Housing: Frequently Asked Questions [www.eddington-cambridge.co.uk/key-worker-housing-frequently-asked-questions]

141 North West Cambridge Development [www.nwcambridge.co.uk/vision/housing/keyworker]

142 University of Cambridge, Eddington (North West Cambridge Development) www.accommodation.cam.ac.uk/FindAHome/UniversityAccommodation/UniversityOwnedProperties/NorthWestCambridge

143 Ibid

144 Eddington Cambridge, Key Worker Housing: Frequently Asked Questions [https://eddington-cambridge.co.uk/key-worker-housing-frequently-asked-questions]

145 Cambridgeshire Live, Cambridge University 'shutting out' low-paid staff from new housing, says council boss, 2017 [www.cambridge-news.co.uk/news/cambridge-news/cambridge-university-shutting-out-low-13455560]

International examples also show how some multinational employers are responding to the housing pressures that face their own workers, the local communities where their offices are based, and indeed those 'driven out' by rising housing costs. The expansion of technology firms in the US has resulted in the creation of new jobs in cities with limited housing, such as Seattle and San Francisco, resulting in steep increases in property prices. Companies including Microsoft, Google and Facebook have responded by allocating funding to provide affordable housing.¹⁴⁶ While these programmes have not been without criticism – see, for example, one recent article, sardonically entitled 'Tech Giants Want to Solve the Housing Nightmare They Helped Create'¹⁴⁷ – they demonstrate the potential for employers to be making a contribution to the supply of homes where the pressures are most acute.

Case study 3: Microsoft in the US

Microsoft is seeking to address an affordable housing crisis in the Puget Sound Region, comprising Seattle and nine surrounding cities. Since 2011, while jobs have grown 21 per cent, housing construction has grown at 13 per cent. The gap in available housing has led to a 96 per cent increase in house prices over the period. As median incomes have failed to keep pace with house inflation, low-to-middle income workers, including nurses, police, firefighters, and teachers, have struggled to live close to where they work and are faced with long commutes.¹⁴⁸

In January 2019 Microsoft allocated USD500 million to increase affordable housing around its Seattle headquarters. The company is intending to loan USD225 million at below market rates to developers to build middle-income housing, USD250 million at market rates to support the construction of low-income housing and donate USD25 million to support low-income and homelessness services. By providing short-term loans, Microsoft aims to equip housing developers with the time needed to acquire public land and secure long-term construction financing, and once repaid can lend again, illustrating how the financial commitment can have a multiplier effect.¹⁴⁹

Microsoft is also advocating for public policy changes to make it easier and more attractive to build affordable housing. Mayors of nine suburban cities outside Seattle are taking steps to address this issue. Ideas under consideration include changes in zoning to increase the pipeline of housing in selected areas, providing desirable public land near transit locations, addressing permitting processes and fees, and creating new tax incentives for construction.¹⁵⁰

In the example examined above, Microsoft emphasise the importance of housing for their business, but crucially also the need to support wider society, not just their employees:

Ultimately, a healthy business needs to be part of a healthy community. And a healthy community must have housing that is within the economic reach of every part of the community, including the many dedicated people that provide the vital services on which we all rely.¹⁵¹

146 USA Today, 'Will Google, Amazon and Facebook fix the affordable housing crisis?', 2019 [www.eu.usatoday.com/story/news/2019/02/24/google-amazon-and-facebook-fix-affordable-housing-crisis/2923488002/]

147 Vice, 'Tech Giants Want to Solve the Housing Nightmare They Helped Create', 2019 [www.vice.com/en_ca/article/pand9w/tech-giants-want-to-solve-the-housing-nightmare-they-helped-create]

148 Microsoft, Ensuring a healthy community: The need for affordable housing, 2019 [www.news.microsoft.com/affordable-housing]

149 Ibid

150 Ibid

151 B Smith, 'Ensuring a healthy community: the need for affordable housing', Microsoft Corporate Blogs, 2019 [https://blogs.microsoft.com/on-the-issues/2019/01/16/ensuring-a-healthy-community-the-need-for-affordable-housing/]

Critically, as is emphasised in the company's published material on its Seattle programme, 'the state government has an important role to play as well'.¹⁵² Microsoft have published a 'Statement of Mayors', including representatives from communities outside of Seattle, along with their materials detailing the programme. An official statement from the office of Mayor of Seattle, Jenny Durkan, commended Microsoft's commitments 'to build[ing] a more unified, effective system' in supplying affordable housing in the city and beyond.¹⁵³ In March 2019, the City Council voted to adopt citywide affordable housing requirements in 27 urban villages throughout Seattle.¹⁵⁴ The reciprocity between state government and Microsoft indicates a degree of importance in close collaboration between employers and the appropriate political authorities in the successful initiation and maintenance of employer-driven housing programmes.

Google has taken a different approach to other tech companies in the United States, but mirrors Nationwide's investment in Swindon, with a plan to create thousands of housing units near its headquarters in San Francisco. However, employees will not receive preferential treatment for the housing and, according to one spokesman, the inspiration for the initiative was 'simply to serve as better neighbours in their community and partner more closely with local government.'¹⁵⁵ Using the uplift in land value of its developments, Google is aiming to include 20 per cent 'affordable' housing, which would yield around 6,000 homes affordable to 'low-, moderate, and middle-income individuals and families including service workers, emergency responders, teachers, and nurses.'¹⁵⁶

Elsewhere in the US, other employers, such as Facebook, are also taking a slightly different approach, partnering with a range of philanthropy, community and business advocates to deliver new 'affordable' homes. For example, in January 2019 a public-private consortium named the Partnership for the Bay's Future announced the launch of a regional housing partnership to protect tenants' rights and facilitate one of the largest affordable housing investment funds in the US.

Case study 4: Partnership for the Bay's Future in the US

The Partnership has begun with two funds: an Investment Fund (up to USD500 million) and a Policy Fund (up to USD40 million). The funds are managed by LISC, the largest non-profit community development financial institution in the US. LISC is partnering with national affordable housing experts Capital Impact Partners and the Corporation for Supportive Housing to originate investments.¹⁵⁷

The aim of the Investment Fund is to preserve and produce more than 8,000 homes in the next 5 to 10 years. The fund has already raised over USD260 million and pledged its first investment, which is a revolving credit facility to the East Bay Asian Local Development Corporation

¹⁵² Ibid

¹⁵³ K Hightower, 'A good day and a step forward for our region: Microsoft invests \$500 million to address housing and homelessness in the Puget Sound', Press Release, Office of the Mayor, Mayor Jenny A. Durkan, 2019 [<https://durkan.seattle.gov/2019/01/a-good-day-and-a-step-forward-for-our-region-microsoft-invests-500-million-to-address-housing-and-homelessness-in-the-puget-sound/>]

¹⁵⁴ Seattle.gov, 'Council Adopts Citywide MHA' [[www.seattle.gov/hala/about/mandatory-housing-affordability-\(mha\)](http://www.seattle.gov/hala/about/mandatory-housing-affordability-(mha))]

¹⁵⁵ Vice, 'Tech Giants Want to Solve the Housing Nightmare They Helped Create', 2019 [www.vice.com/en_ca/article/pand9v/tech-giants-want-to-solve-the-housing-nightmare-they-helped-create]

¹⁵⁶ Mountainview.gov, 'A Shared Vision for North Bayshore', 2018 [www.mountainview.gov/civicax/filebank/blobload.aspx?BlobID=28004]

¹⁵⁷ Bays Future, Opportunity, 2019 [www.baysfuture.org/the-opportunity]

(EBALDC). The facility is expected to back six projects over 5 years. Such community development organisations often miss opportunities to purchase available property due to a lack of timely access to capital.¹⁵⁸

The goal of the Policy Fund is to protect up to 175,000 households from displacement over the next 5 years by reshaping housing policies. The funds could be used, for example, to help local officials craft just cause eviction ordinances, rental assistance programmes, shape bonds to finance affordable housing, or remove red tape around development by changing zoning laws.¹⁵⁹

The Partnership emphasises the need for employees to live in affordable and well-located accommodation:

To grow and prosper, employers must have access to a diverse employee pool that allows them to fill positions at all levels. Those employees, in turn, must be able to find affordable homes within reach of their jobs. But a lack of affordable housing is already limiting growth by driving middle- and low-income families out of the region.

As with the example of Microsoft in Seattle, here the symbiotic relationship between state political actors and employer driven housing is clear. The Partnership for the Bay's Future announcement followed shortly after a request by California Governor Gavin Newsom urging corporations in the region to match the USD500 million he intends to set aside for middle-income housing.¹⁶⁰

Yet in the UK, the CSJ Housing Commission has heard evidence, both from officials and from businesses, indicating a lack of political 'ownership' of employer housing – both at a national and local level.

The Cabinet Office's Business Partnerships team has, in recent years, engaged with some employers who have expressed an interest in various employer housing schemes. However, evidence gathered by the CSJ suggests that lines of communication between businesses, the Cabinet Office, the Ministry for Housing, Communities and Local Government and other relevant offices, such as the Department for Work and Pensions and Home England could be improved. The depth interviews commissioned as part of this research revealed how some employers felt that stronger government initiatives to promote housing issues up the business agenda could foster further employer engagement. When we asked one large employer about the role of business in housing support, they said '[t]here's definitely a role for them but it's not particularly well coordinated at the moment.'

In order to truly unlock the potential for greater employer investment in new housing supply, and in particular the affordable housing so desperately needed, the Government should act to join up employer housing into a centralised unit where best practice can be corralled and shared, in turn growing the information and knowledge base that would enable more large employers to contribute to the supply of homes.

¹⁵⁸ Ibid

¹⁵⁹ Mercury News, 'Bay Area housing gets \$500 million boost', 2019 [www.mercurynews.com/2019/01/24/bay-area-housing-gets-500-million-boost-from-local-tech-foundations]

¹⁶⁰ Ibid

Further, for the most innovative schemes, the CSJ has heard evidence suggesting that Homes England (the central non-departmental body responsible for housing supply) could be better equipped to support innovation in achieving these – in particular for schemes, such as non-profit employer housing developments, which do not fit the typical mould. An Innovation Fund has been proposed as way of facilitating much higher levels of not-for-profit housing driven by large employers. It was argued to the CSJ that Government grants ensuring that not-for-profit schemes remain viable – though still not *profitable* – could deliver truly affordable housing less expensively than through the existing grant regime, as employers would continue to shoulder the vast majority of the costs of development.

As shown here, businesses can serve as a contributor to the supply of housing in England, indeed not only for employees but wider society. Some ambitious employers are already engaged in this on a significant scale. Others have plans to do so. But with the ongoing lack of coordination both in terms of political oversight and knowledge sharing, we are unlikely to maximise the potential of employer-driven housing supply. Two changes could help facilitate a new wave of employer-led housing supply in the years ahead.

Recommendation 1

The Government should establish a new Employer Housing unit in the Cabinet Office to more effectively corral business and the appropriate departments and bodies, such as MHCLG, DWP, and Homes England, to enable new housing schemes driven by employers.

Recommendation 2

The Government should establish an Innovation Fund in Homes England to facilitate much higher levels of not-for-profit housing driven by large employers, as these types of schemes do not fit clearly into current funding streams making it very difficult to access funding. Employer housing schemes, although financed overwhelmingly by employers themselves, would benefit from low-level grant funding to support developments already achieving high levels of social outcomes, such as proportions of new affordable housing much higher than the national average. Over the longer-term, the Government should consider expanding its grant funding so that the ‘viability’ of the not-for-profit schemes achieving the best outcomes are guaranteed.

2.1.2 Employer investment in Build to Rent housing

Purpose-built blocks of rental homes are common in other countries such as the US, Germany and France. In the UK they remain a relatively new phenomenon. Yet they are also one of the fastest growing sectors for housing development. Research published by the British Property Federation (BPF) in January 2019 showed that the total number of build-to-rent homes – ‘new, high-quality and professionally-managed homes built for renters’ – under construction across the UK has increased by nearly 40 per cent.¹⁶¹

There are now 139,508 build-to-rent homes complete, under construction and in planning across the UK, with the sector attracting various long-term institutional investors because it offers a stream of rental income well-suited to supporting companies’ financial interests,

¹⁶¹ British Property Federation, ‘Building boom for UK build-to-rent housing’, 2019 [www.bpf.org.uk/media-listing/press-releases/building-boom-uk-build-rent-housing]

such as pension liabilities. The Government's white paper *Fixing our broken housing market* (2017) shone a light on build-to-rent as a means to increase housing supply, but importantly also as a way to improve choice, quality, security and diversity in the private rented sector.¹⁶²

According to the Financial Times, many local authorities have also begun to show support for the sector, 'realising that it offers a way to generate a long-term income stream as well as helping meet housing targets'.¹⁶³ Councils and housing associations are increasingly partnering with developers on build-to-rent schemes.¹⁶⁴

Recently, some businesses and organisations have explored the potential for partnering with build-to-rent landlords. Deloitte and Linklaters, for example, have partnered with the professional landlord, or 'residential owner and rental management company', Get Living manages 3,000 homes across the UK. Starting in 2013, and backed by long-term investors including Dutch pension fund APG and Qatari Diar, the business now manages homes in East Village and Elephant and Castle in London and recently expanded to New Maker Yards at Middlewood Locks in Manchester. Get Living has never charged fees, offers three-year tenancies with a resident-only break clause and in 2017 stopped taking deposits. It has since announced further projects in Glasgow and Leeds.¹⁶⁵ Its partnership model with employers is outlined in Case Study 5, below.¹⁶⁶

Case study 5: Get Living – Get Living for Business

Through its Get Living for Business programme, Get Living works with employers 'to learn the challenges their people face living and commuting in the city where they work and offer a better way of renting'. The partnership, according to the company, aids employers (by providing their employees with improved living conditions) in a number of ways:

- **Attracting talent** – Referencing the lack of suitable and accessible housing in London, Get Living argues that the Partnership can make it easier for new recruits to find a 'great place to live' – i.e., one that is well-connected and has everything they need to make the most of what is on offer to residents in London. Renting with Get Living, the company argues, takes the stress of difficult landlord relationships out of the equation for employers' staff and means people can settle in fast, citing internal polling data showing that 89 per cent of Get Living residents believe it's important companies help their employees find suitable homes.
- **Improving retention** – Get Living argues that as 81 per cent of our Partnership residents sign three-year tenancies, this encourages them to look to the long term from the outset, improving the likelihood that they will stay with the partnered employer. Secondly, Get Living argues that the 'easy renting experience' it offers helps employees to focus on their performance and progression. Transport connectivity takes the stress out of commuting and its standard two month notice period and lack of deposit mean that it's easier for staff to take up internal employment opportunities in the partnered organisation.

162 DCLG, *Fixing our broken housing market*, 2017 [www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf]

163 Financial Times, 'Construction growth in UK build-to-rent properties', 2019 [www.ft.com/content/633ad0e0-3e74-11e8-b9f9-de94fa33a81e]

164 Ibid

165 Get Living [www.corporate.getliving.com/preferential]

166 See the Get Living Preferential Partnerships brochure: https://corporate.getliving.com/sites/default/files/Get%20Living_Preferential%20Partnership%20Brochure_V2.pdf

- **Supporting wellbeing and productivity** – With 100 per cent of Preferential Partnership residents believing that living in Get Living neighbourhoods improves their quality of life, Get Living argue that the quality, location and size of their homes help ‘build a better work/life balance.’ This, the company claims, is ‘not just about [employers’] duty of care; it’s a measurable business benefit... Well-rested, fit and focused employees improve productivity.’

Current Partners include banks, law firms, schools, and a police force. Through the programme, participants receive two weeks rent free, ‘free superfast fibre-optic broadband/Wi-Fi, and are invited to attend networking events’.¹⁶⁷ Get Living requests no quotas or fees from employers. However, in response for the service, employers are asked to include the offer on their benefits portal and are requested to coordinate with Get Living on marketing opportunities.¹⁶⁸

Although employer involvement in built-to-rent is still nascent (sitting within an already nascent housing sector), policy thinkers at KPMG have proposed even more ambitious partnership models, learning from ‘Purpose Built Student Accommodation’.¹⁶⁹ In order to incentivise investment in purpose built student accommodation, higher education institutions started offering investors ‘nomination agreements’ – that is, blockbooking large numbers of rooms, then leasing them to their students. The model proved effective: dedicated student accommodation now turns over more than £5bn per year.¹⁷⁰

KPMG’s report argues that a similar model could work for employers – indeed, consortia of major employers – enabling them to offer their staff high quality accommodation and ‘dramatically boosting their offer to prospective employees’. The proposed model is explored in more detail below.

Case study 6: KPMG and ‘employer nominated housing’

In KPMG’s proposed model, an employer or consortium of employers could ‘block-book’ large numbers of rooms in new built-to-rent developments and then lease these to current or prospective employees. This approach, KPMG argue, would:

free investors of both the risk of voids, the credit risk of tenants defaulting and the costs of finding and contracting for renters on the open market, making BtR far more viable – and providing a volume of guaranteed demand that would permit investors to build rental properties at scale.

Indeed, KPMG’s analysis finds that, through this, it should be possible to provide a discount to market rent for employees, *while maintaining the price paid to the landowner and preserving the margins for developers*. And if the employer is offering discounted accommodation then it is unlikely they will ever be called on their guarantee.

In some cases, employers could fund such developments themselves. Borrowing at lower rates than those available to many buy-to-let landlords, they could arguably undercut the wider rental market. KPMG also suggest that they could invest company pension funds, ‘cutting out

¹⁶⁷ Ibid

¹⁶⁸ Ibid

¹⁶⁹ J Crosby and M Essex, *Reimagine Places: Employer backed build to rent*, 2017 [<https://assets.kpmg/content/dam/kpmg/uk/pdf/2017/11/reimagine-places-employer-backed-build-to-rent.pdf>]

¹⁷⁰ Ibid

the middle man'. However, the main interest would come from institutional investors, who have already demonstrated strong interest in build-to-rent investments, but remain cautious of management risks and the uncertainty about demand/pricing.

In the fast-growing employment hubs, groups of major employers willing to sign nomination agreements could be brought together to invest – supporting the big developments required to spread the costs of additional facilities such as leisure, hospitality and retail services. Given employee consultation to ensure that new buildings meet people's needs, the offer of great accommodation at below market rates would, according to the research, help employers to strengthen staff recruitment and retention. The scheme presents the additional benefit of developers releasing properties in major new developments without worrying about flooding local housing markets, speeding up the homebuilding cycle.

All this could provide further advantages for public sector employers, many of which, KPMG argue, have surplus or under-used land and can borrow at very low interest rates. With public sector guarantee, the discount to market rent could be 35 per cent or more – that is, more than the existing Affordable Rent model of a 20 per cent discount¹⁷¹ – making a significant difference to key workers. In theory, these properties could also be made available more widely to those in most need.

A number of additional benefits to utilised purpose-built employer housing are outlined. Purpose built properties would have:

- communal areas, cafes, high-quality facilities and fast Wifi;
- they'd bring together young professionals from similar employers, helping people new to the area build their social networks;
- they'd rescue employees from London's 'cut-throat rental market', with its insecure tenancies and poor service standards;
- they'd be located near work – cutting the time and money lost in long commutes; and
- with a large employer behind them, the tenant's administration burden is eliminated along with the need to raise a deposit.

Source: KPMG, *Reimagine Places: Employer backed build to rent* (2017)

Larger scale, corporate landlords still represent only a fraction of the overall rental market, with buy-to-let landlords account for around 97 per cent, according to the Investment Property Forum. However, the built-rent-sector, as seen in the figures collected by the BPF, is expanding rapidly.¹⁷²

There is strong potential for further collaboration between built-to-rent landlords, and employers (both public and private), to provide subsidised secure housing that would support people with their employment and be beneficial to business. At the moment, the build-to-rent sector has been described as a 'service for the people "towards the upper quartile" of the wage spectrum'.¹⁷³ However, there is further potential to unlock employer investment for the purposes of increasing overall housing supply and ameliorating some of the housing pressures outlined in Part 1 on this report.

¹⁷¹ See CSJ interim 2

¹⁷² Financial Times, 'Construction growth in UK build-to-rent properties', 2019 [www.ft.com/content/633ad0e0-3e74-11e8-b9f9-de94fa33a81e]

¹⁷³ Financial Times, 'Should tenants fear the rise of the corporate landlords', 2019 [www.ft.com/content/17b26ffc-4cba-11e9-8b7f-d49067e0f50d]

Recommendation 3

Private and public employers should further explore the potential for build-to-rent investment where employers cover the credit risk of new developments, in which employees receive support with their housing costs and live in build-to-rent properties. The Government should lead the way by providing guarantees for public sector employers in affordable and secure rental accommodation backed by partnerships with private investors. This is likely to spur on further institutional investment, helping the Government meet its 300,000 homes a year target.

The Government should use the new unit established in the Cabinet Office (see Recommendation 1) to serve as a gatekeeper that would corral multiple employers on a city or regional level to 'pitch in' investment in build-to-rent homes allowing employees of different companies – both public and private – to live in a single scheme.

2.2 Access: how employers can support people into housing

Given the difficulties many people face accessing homes, particularly in the private rented sector as shown in Part 1 of this report, some employers are responding by offering new types of support. **Polling undertaken for the CSJ Housing Commission by Survation reveals that 48 per cent of large UK employers are currently involved in helping people gain access to housing in some form.**

Relative to delivering new homes on the supply-side, housing support provided directly to employees on the 'demand-side' can be more straightforward to offer, with lower associated risks.¹⁷⁴ From an employee's perspective, assistance with the upfront costs of rental accommodation can address one of the major barriers to working in a particular location and can enhance labour mobility. That such a proportion of large employers are offering some kind of support with accessing homes on the 'demand-side' is indicative of how employer housing has evolved from the industrial village model to suit a modern labour force facing different challenges.

Here, we explore the extent to which some employers are supporting their staff with accessing homes and consider the ways of enabling more ambitious employers to offer this type of support.

2.2.1 Employer tenancy deposit schemes

The large deposits required for private rented properties represent one of the key barriers people face to housing, with serious implication for individuals' ability to begin or maintain employment.¹⁷⁵ Even more serious issues arise for families unable to afford a rental deposit when their tenancy is terminated, where they are likely to fall in to serious personal debt or face statutory homelessness.

174 M Pill, 'Employer-Assisted Housing: Competitiveness Through Partnership', Joint Center for Housing Studies of Harvard University Neighborhood Reinvestment Corporation, 2000 [www.jchs.harvard.edu/sites/default/files/mpill_w00-8.pdf f]

175 See Part 1, section 1.2.1.4

Recently, tenancy deposit loan schemes have been offered by some employers in order to combat these issues. A tenancy deposit loan scheme is similar to the season ticket loan scheme already used by many employers. Typically, staff will be offered an interest free loan to cover their tenancy deposit (either in part or in full) when moving into a privately rented home. Repayments are subsequently deducted from their monthly salary over a period of time, usually in monthly instalments, to repay the amount of the loan.

In 2014 a number of tenancy deposit schemes were piloted in London by the charity Shelter and Boris Johnson, the Mayor of London at the time. The then Department of Communities and Local Government (DCLG) was the first public sector employer to adopt the scheme. In 2015 the scheme began to gain traction across the country, with the Co-operative Group being one of the first major employers to offer it to its 70,000 staff. The initiative was also taken up by the CBI, London First, and the London Chamber of Commerce. A recent CSJ investigation into 'business and social good' highlighted Starbucks' Home Sweet Loan tenancy deposit scheme as an example of good practice.

Case study 7: Starbucks Home Sweet Loan scheme

Starbucks in 2015 announced that it would start providing interest-free loans to help employees pay for rental deposits, and simultaneously announced that it would increase its basic pay in the UK to the National Living Wage, with a London premium for employees working in the capital.¹⁷⁶

The deposit scheme, known as "Home Sweet Loan", was developed alongside Shelter and became the first of its kind to be implemented by a private organisation. It was initially available to employees who had been working at the company for over a year. Loans are a maximum of one month's wages and are to be repaid over a 12-month period. The initiatives were introduced particularly to help young employees with the cost of living given that around 70 per cent of the workforce are aged below 25.¹⁷⁷

In 2017 the scheme was extended to enable more employees to access the benefit. It is now also available for employees who are sub-letting rooms and employees can apply for loans after having worked at the company for 6 months.¹⁷⁸

Tenancy support schemes have been advocated on a large scale through partnerships between the private sector and public sector. Evidence obtained in the course of this research suggests that, for employers seeking to influence government on the provision of affordable housing in the capital, demonstrating that they had strong housing support schemes in place produced greater sympathy for their housing policy concerns.

¹⁷⁶ Starbucks, 'Starbucks UK Announces Initiatives to Help Partners with Cost of Living', Press Release 2015 [www.stories.starbucks.com/stories/2015/starbucks-uk-to-tackle-cost-of-living-for-partners/]

¹⁷⁷ Ibid

¹⁷⁸ Employee Benefits, 'Starbucks UK enhances rental deposit loan scheme', 2017 [www.employeebenefits.co.uk/issues/june-online-2017/starbucks-uk-enhances-rental-deposit-loan-scheme/]

Case study 8: 'Fifty Thousand Homes' and the Employer Housing Pledge

In 2016 five organisations partnered to launch 'Fifty Thousand Homes', a business-led campaign seeking to double housebuilding in London to at least 50,000 homes by 2020 to protect and develop the competitiveness of the city. The founding partners were London First, CBI London, FSB London, Shelter, and FTI Consulting. Organisations supporting the campaign included some of the biggest employers in the city, such as Deloitte and Grant Thornton. Grant Thornton, in supporting the campaign, led an inquiry to analyse ways in which businesses and public sector organisations could work together to address the housing crisis in London. This entailed considering various possibilities including employer-led schemes and a new "build-to-rent" model.¹⁷⁹

In January 2017, as part of the Fifty Thousand Homes campaign, London First and the Mayor of London Sadiq Khan launched Employer Housing Pledges (see Appendix 1). These urge employers to offer tenancy deposit loans to staff to help with the cost of renting, as well as urging employers to pay the London living wage and offer housing advice and flexible working within six months of signing up. The pledges were made across the GLA family, including City Hall, TFL, the Metropolitan Police and the London Fire Brigade.¹⁸⁰ Pledges made by the GLA and a number of large private employers have so far supported over 120,000 people in the city.¹⁸¹

However, further evidence submitted to the CSJ suggests that the 'overbearing' nature of previous 'housing pledges', which involved a number of commitments to terms not directly to housing, was sufficient to dissuade some businesses from pledging. This was the case even though they were receptive to the tenancy deposit loan element of the pledge. Indeed, since the Government adopted the tenancy deposit loans scheme across the civil service in 2015, momentum around the scheme has slowed.¹⁸²

Nevertheless, one large employer (which doesn't currently offer tenancy deposit loans) interviewed for this research expressed interest in the scheme, having not been aware of them previously. This indicates that barriers to take up are caused by lack of awareness rather than issues with the scheme. Its similarities with the season ticket loan offered by some employers are also highlighted in the interview. When asked whether it was something the business, a large UK taxi firm, would consider, the respondent said:

"Yes, definitely... if the company is willing to loan that money for a travel card, then I don't see why it should be different for accommodation and employee welfare. There's no harm there."

To raise awareness of the scheme and highlight good practice, businesses currently offering them – as well as the Government itself – should reenergise the campaign for

179 Consultancy UK, 'Consulting firms supporting Fifty Thousand Homes campaign', 2016 [www.consultancy.uk/news/12040/consulting-firms-supporting-fifty-thousand-homes-campaign]

180 CBI, 'Be a great London employer – Introduce tenancy deposit loans', 2017 [www.cbi.org.uk/news/be-a-great-london-employer-introduce-tenancy-deposit-loans2]

181 London First, Employer Housing Pledges [www.londonfirst.co.uk/what-we-do/housing/employer-housing-pledges/whos-pledged]

182 MHCLG, 'Thousands of tenants set to benefit from deposit loans', Press Release, 2015 [www.gov.uk/government/news/thousands-of-tenants-set-to-benefit-from-deposit-loans]

tenancy deposit loans, as a relatively inexpensive (for large employers) benefit that could have a radical impact on the lives of employees. At best, a loan of this kind could prevent someone from becoming statutorily homeless or provide the housing security an employee needs to thrive in work.

Recommendation 4

While there was once momentum behind tenancy deposit loan schemes, this has slowed in recent years. The Government should launch a renewed drive to popularise this form of employer housing support.

To do this, it should launch an official accreditation for employers offering tenancy deposit loans, learning from experience of previous 'housing pledges'. The accreditation should, however, incorporate a range of housing related commitments, to be chosen through consultation with housing charities, organisations representing employees, and businesses. This will establish a fair expectation of the level of employer housing support required to be eligible for the award, recognising the best but also nudging employers to engage. In subsequent recommendations, this report proposes a range of criteria (see Recommendation 6 and 8).

The accreditation should be symbolised following the example of the Disability Confident or Living Wage Employer kitemarks, which are already well established among many large UK employers. As one large employer revealed during the qualitative research carried out in support of this report:

Employers love awards. A government kite mark is much easier to do, they could do that in a few months. They could publish advice and guidance. I don't think there is much on employer's responsibility towards housing, so guidance would definitely help and to have a kitemark would be fantastic...

2.2.2 Housing-led recruitment and retention practices

The lack of affordable housing close to the workplace is, as revealed by polling presented in this report, posing problems for businesses. **Of the large UK employers we polled, 43 per cent say that housing issues are having an adverse effect on their business' productivity, with over half citing commute times as a specific issue staff are facing as a result of the housing crisis.** Existing survey data from the Joseph Rowntree Foundation shows that employers often prefer candidates who live nearby, especially for jobs with non-standard hours.¹⁸³

In response, employers are also supporting prospective employees with accessing homes closer to work, with advantages for both company staff and employers themselves. For example, companies that have access to accommodation can provide subsidised lets to help aid the recruitment of young talent. One example that has been recently highlighted is in the publishing sector in the UK, where a partnership between a publishing group and a charity enabled subsidised accommodation to be offered to successful internship applicants from minority groups. Such a scheme can potentially facilitate social mobility and encourage greater diversity in the workforce.¹⁸⁴

¹⁸³ R Tunstall et al. *Disadvantaged Young People Looking For Work: A Job in Itself?*, Joseph Rowntree Foundation, 2012
[www.jrf.org.uk/sites/default/files/jrf/files-research/young-people-disadvantage-jobseekers-full.pdf]

¹⁸⁴ Ibid

Existing analysis and the interviews with business leaders carried out for this research suggests that high staff turnover can lead to reduced productivity, high recruitment and training costs, and low morale.¹⁸⁵ Benefits offered at the start of an employee's career, such as assisting with the upfront costs of rental accommodation, or more ambitiously, homeownership, can set an employer apart from its competition. Employee retention rates can be improved if the value of a benefit to an employee increases over time, or if employees are offered a benefit after having remained at a company for a certain period. Maintaining high retention rates is a particularly important objective for employers participating in competitive labour markets, high-skill industries, or for companies that require substantial investments in training new personnel.¹⁸⁶

Either deferred loans that are to be repaid upon leaving a company, or loans that are forgiven after remaining at a company for a number of years, offer strong incentives to remain with an employer. This is similarly the case with mortgage guarantees, as employers would need to refinance their loan upon leaving. While these mechanisms may be effective for businesses, a balance must be struck to ensure that benefits of this nature do not have the adverse effect of entrapping individuals at particular firms and prohibiting future labour mobility.

Case study 9: Housing support in the UK in the 1980s

Growth in employer housing support in the UK in the late 1980s highlighted economic conditions likely to incentivise employers to intervene in the housing market. These included rising competition, declining unemployment, and high staff turnover. In this context employers were under pressure to maintain internal labour markets, and new forms of non-wage benefits were being developed.¹⁸⁷

Local government too saw an expanded use of non-wage housing measures in recruitment and retention strategies, reflecting an increasing lack of competitiveness against the private sector. In particular, there was a steep increase in the proportion of local authorities offering mortgage subsidy and equity mortgage packages in the South-East. These measures were effective at retaining staff over the longer-term, while 'short-term' measures subsidised housing costs and fees with the aim of mitigating initial recruitment challenges.¹⁸⁸

Survey data of new home-owners in the South of England demonstrated the importance of such long-term employer assistance in job-related relocation. Consequently, employee-assistance can be seen as an important determinant of labour mobility.¹⁸⁹

Employer-assisted housing (EAH) in the US categorises a range of housing programmes employers have supported with financial contributions. Typically, employers have become involved in housing support through the purchase of Low Income Housing Tax Credits (LIHTC). Investors receive credit against federal tax liability over ten years in return for

185 See, for example, the impact of high staff turnover in the hotel and restaurant sector: www.bighospitality.co.uk/Article/2015/07/20/High-staff-turnover-in-hospitality-causing-a-productivity-crisis

186 M Pill, 'Employer-Assisted Housing: Competitiveness Through Partnership', Joint Center for Housing Studies of Harvard University Neighborhood Reinvestment Corporation, 2000 [www.jchs.harvard.edu/sites/default/files/mpill_w00-8.pdf]

187 K Doogan, 'Labour Mobility and the Changing Housing Market', *Urban Studies*, 33(2), pp.199–221, 1996

188 Ibid

189 Ibid

providing an equity investment to specific affordable rental housing projects.¹⁹⁰ However, EAH has more recently evolved into mortgage assistance programmes, grants, loans or payroll savings matches (on the ‘demand-side’), with employers providing low-to-moderate income employees with loans or grants to help cover down-payments and closing-costs.¹⁹¹

Case study 10: Bank of America in the US

Lower-income workers in the US have benefits from demand-side support with access to mortgage finance. One particularly successful case was a company-wide programme adopted by Bank of America in 1999, which offered unsecured forgivable loans of up to USD5,000 after five years of employment to assist with the initial costs of homeownership. These loans provided funds for around 33,000 employees to purchase homes while also improving employee retention rates.¹⁹²

EAH programmes are often targeted geographically to encourage investment in areas local to the workplace and to reduce commuting distances. Employers tend to work with an external organisation, such as a non-profit or government agency, to administer the support. EAH programmes are also often accompanied by ‘homeownership education’ and counselling services.¹⁹³

Case study 11: Employer-assisted housing in Chicago

Chicago has been identified as a leader in EAH programmes. The initiative was promoted by a policy and advocacy agency, the Metropolitan Planning Council (MPC), at the beginning of the 2000s, with the City of Chicago contributing some funding. Approximately 50 employees are thought to have started programmes. Varied aims included partnering employers with local governments and communities to develop neighbourhoods, and alleviating recruitment and retention problems by enabling employees to live closer to where they work.¹⁹⁴

The success of the programmes was difficult to assess due to the inclusion of multiple stakeholders providing financial and administrative support. However, success appeared to be mixed and it appears that the vast majority of programmes have ended. Likely reasons are that few employers were able to access state matching funds due to an upper income restriction, tax credits were subject to a complicated application procedure, and the ability of relatively small one-time financial contributions to address affordability barriers was not entirely effective. Feedback suggested that educational components of the programme, with participants advised of federal, state and municipal opportunities during compulsory counselling, better served to make homeownership attainable.¹⁹⁵

190 Greater Minnesota Housing Fund, Employer-Assisted Housing Resource Guide: A primer for employers and community leaders, 2014 [https://hospitaltoolkits.org/wp-content/uploads/2016/09/GMHF_EAH.pdf]

191 S Treuhaft, Connecting Working Families to Economic Opportunities in the Philadelphia Region: The Role of Employers, PolicyLink and Greater Philadelphia Urban Affairs Coalition, 2007; Ibid

192 Ibid

193 Ibid

194 R Lazarovic et al. ‘Approaches to workforce housing in London and Chicago: from targeted sectors to income-based eligibility’, *Housing Studies* 31(6), pp.651–671, 2016

195 Ibid

In our polling we asked senior leaders of large employers about the sorts of incentives that would encourage or enable them to provide this type of employer housing support. Matching funds or financial incentives garnered significant support. Indeed, of those large UK employers who are currently *unwilling* to offer any type of housing support, over one in four (28 per cent) of respondents said that they would be 'likely' to offer support with accessing housing if there were tax breaks for participating companies.

When exploring these questions further with business leaders in the depth interviews, we found further be support for government assistance:

"... So tax breaks I think are a good idea, but I think it's a half-open door already. Anything like a tax break, or matched funding, is a good idea."

"... Most companies, if they can afford [it], they want to do good stuff. If on a purely selfish level you are doing it to make your company better, so if there are tax breaks, if they are getting something financial out of it, then I think it can only be a good thing and it would encourage them to do it more..."

While tax breaks may be too complex (or costly) for the Government to administer, there could be ways of incentivising employers to support with housing support drawing from the operation of employer assisted housing in the US.

Recommendation 5

Learning from the model employer assisted housing in the US, the Government should more clearly recognise when companies enable people to move into employment who are otherwise blocked by the costs of housing. Tax breaks for employers carrying out the most innovative schemes should be piloted on a small scale to assess the costs and benefits of rolling this out more widely, acknowledging the issues with complexity when administering similar forms of employer-assisted housing in the US. A small funding pot should be opened up in the Department for Work and Pensions as a pilot to reward the most innovative schemes that made evidenced savings to the housing benefit bill by support people with employment, such as increasing their hours or reducing their housing costs.

2.2.2 Addressing practical housing barriers and providing information to employees

The number of individuals in atypical employment, such as those working atypical hours in the 'gig economy', has risen significantly in recent years amid wider rises in employment. For example, people in employment in the UK on zero-hours contracts rose from 143,000 in 2009 to 844,000 in 2018.¹⁹⁶ Anecdotal evidence submitted to the CSJ during the course of this research suggests that this group can experience unique housing issues due to the nature of their employment and receipt of irregular payments. For example, with the affordable housing shortage landlords are more likely to discriminate against prospective

¹⁹⁶ ONS, 'EMP17: People in employment on zero hours contracts', 2019 [www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts]

tenants on zero-hours contracts who can, due to their unstable income, be viewed as risky relative to those on permanent contracts or even in receipt of regular benefits.¹⁹⁷

Employers could potentially help mitigate this risk by directly liaising with letting agents involved in the reference process, ensuring that prospective landlords have clear assurances of the tenant's ability to afford the rental property, even if their hours and pay are irregular. While there is anecdotal evidence to suggest that this takes place to a limited extent currently, this type of engagement could be incentivised through the housing accreditation proposed in Recommendation 4 of this report.

As noted in a report investigating employer assisted housing in the US, a 'relatively low-cost form of assistance is providing 'housing education' for employees'.¹⁹⁸ Employers can, for example, arrange for classes at the workplace and can couple other forms of housing assistance with these services to ensure success and stability for the employee.¹⁹⁹ Centralised information on a company's intranet, including information about housing policy, can present several benefits for both employers and employees. It can save time when it comes to searching for and finding information, and it can prevent replication of information and multiple versions of the same documentation being available, some of which may be out-of-date. It can also help ensure that employees are aware of and comply with mandatory procedures relating to housing.²⁰⁰

However, our qualitative interviews found that some employers feel that employee housing issues are often triggered by factors such as a relationship breakdown or financial issues, which can be difficult to detect and can remain hidden from employers. There can also be a stigma for employees in bringing these issues to work. Employees, it was observed, can be reluctant to admit housing pressures to employers (for fear that this impacts on how they are seen at work). When employers do become aware of insecure housing it is usually in extreme circumstances and through informal channels.

In our depth interviews, one large employer wholesaler highlighted the use of an internal staff online forum, where a range of issues should be discussed anonymously, as a useful way for employers to learn about specific housing issues. The employer subsequently directed employees to the relevant housing support, either that offered by the employers themselves, such as a number of temporary accommodation flats, or the range of support provided by the local authority when this was more appropriate:

"They get a place a stay, and it ends up being in a house that's a house of multiple occupancy, and then that eventually falls through, they eventually speak to somebody, and then that eventually comes up in the wee forums that we have, and we keep a real close eye on that, because a lot of people are taken advantage of."

197 See above, p. 29

198 Greater Minnesota Housing Fund, Employer-Assisted Housing Resource Guide: A primer for employers and community leaders, 2014 [https://hospitaltoolkits.org/wp-content/uploads/2016/09/GMHF_EAH.pdf]

199 Ibid

200 Interact Intranet, 2017 [www.interact-intranet.com/blog/6-ways-an-intranet-can-benefit-your-hr-department/]

Similarly a senior representative of a large taxi firm highlighted the use of online portals with the potential to direct people to appropriate advice and initiatives led by the company itself to support with housing:

“Also, providing information about where to get support. We have an employee portal. It’s where we get the information about the company and its initiatives, so it could just be something that is present and static. I don’t think it involves too much effort on the company’s part.”

Recommendation 6

The new employer housing accreditation (see Recommendation 4) should include a specific nudge for employers to work with employees on zero hours contracts requiring additional employer proof to gain access to housing.

The accreditation should also incentivize employers to carry out ‘housing health checks’ with their staff, developed in consultation with housing charities to capture the variety of new housing issues faced by atypical workers, that would provide employees with information, guidance and support relating to housing issues. These should learn from the success of recent improvements in mental health awareness among employers.²⁰¹

2.3 Homelessness: employers supporting the most vulnerable

For many years, ambitious employers have provided dedicated programmes for homeless individuals. This has typically involved skills, training and employment support in the hope of securing a steady job for homeless trainees and the wage slip that comes with this.²⁰² Other firms, such as Timpson, have offered free dry cleaning services for homeless people going for an interview.²⁰³ **Polling for this research finds that as many as 46 per cent of large UK employers are involved in supporting the homeless in some form.** Today, some employers are going even further by providing accommodation directly to homeless employees.

Indeed, on an even larger scale, recent public-private models working to deliver higher numbers of truly affordable homes for those most in need indicate that there could be an even more significant role for employers supporting the most vulnerable with housing in the future. In this section, we explore existing good practice and present models that could be replicated and scaled up.

201 For example, 1,031 employers have signed up (at the time of writing) to Time to Change’s employer pledge to support staff mental health. See: www.time-to-change.org.uk/get-involved/get-your-workplace-involved/employer-pledge

202 See, for example, Pret’s rising Stars Programme: www.pret.co.uk/en-gb/rising-stars-programme

203 See, for example, the free dry cleaning service offered by Timpson: www.timpson.co.uk/services/dry-cleaners/dry-cleaning-unemployed-interview

2.3.1 Employers providing temporary accommodation

Recent evolutions in the debate surround homelessness reduction has led to a shift in focus among policy makers. It is no longer assumed, for example, that employment – as part of a wider package of measures to make people ‘housing ready’ – is necessarily the right way to support people out of homelessness over the longer term. As the CSJ emphasised in its 2017 *Housing First* report, in order to tackle rough sleeping, in particular, more effectively, individuals should first be housed, with the surrounding issues tackled subsequently through a range of interventions. In an extremely positive move, the Government observed the international evidence of the success of this model and commissioned £28 million Housing First pilots in three areas of the country, which are currently underway.

Schemes led by employers in the UK have emerged that resemble the Housing First model, offering both temporary accommodation and employment support to homeless individuals. These schemes are presently nascent and small-scale and have been largely financed through fundraising initiatives. However, if successful they have the potential to alleviate homelessness for employees over the longer term, by transitioning individuals into permanent accommodation and combining this with employment support. A key example in the UK is the Pret House opened by the Pret Foundation, the charitable arm of the international sandwich shop Pret a Manger.

Case study 12: The Pret House

The Pret Foundation, set up in 1995, aims to help break the cycle of homelessness. It is funded via donations made from the sale of products and collection boxes in Pret shops. The Rising Stars programme, which began in 2008, offers jobs to 40 homeless people a year and provides food, travel, and accommodation. Over 450 individuals have now been through the programme, with many progressing to become managers, baristas, and team leaders.²⁰⁴

But each year, as the company accept, some stars do not reach ‘graduation’ from the programme, with most important reason for this being the lack of accommodation nearby.

To help address this The Pret House was opened in February 2019 in Kennington to provide nearby accommodation so that more individuals will stand a better chance of succeeding in the Rising Stars programme. Pret House is a partnership with West London Mission, initially housing 13 individuals working in nearby shops. A five-year lease has been signed and £200,000 spent on refurbishment, with an intention to expand to 26 bedrooms should the project be successful.²⁰⁵

The CSJ Housing Commission carried out a depth interview with a senior representative of the Pret Foundation to understand more about why the company moved into this type of more direct housing support for its homeless trainees. The additional difficulties presented by housing pressures on those already receiving employment support became apparent.

204 Pret, ‘Pret is opening a House for the Homeless’, 2019 [www.pret.co.uk/en-gb/pret-opening-house-for-homeless]

205 Ibid

“For many years, as we’ve been running this employment programme, we’ve realised that one of the sticking points for people to stay in work is not having that stable home life.

If you can imagine, having to get up at 5am after spending a night in a homeless shelter, where they’re often very crowded, very noisy, quite chaotic. It’s just not conducive to getting a decent night’s sleep. And, your belongings are locked away somewhere. And, we were starting to see a couple of people dropping out because it’s just very difficult to maintain coming to work normally every day, feeling ready for the day. And, they were dropping out.

So, for quite a few years, I’ve been looking at what we could do to address that and potentially looking for a property, or a partner, where we could provide some stable housing.”

Similarly, a large UK wholesaler described the issues faced by some of their employees, such as overcrowding, and the temporary accommodation the company maintains for employees who become homeless.

“... as an employer, we feel that we’ve got responsibility to them. If we feel they’re getting abused, if they’re being taken advantage of, or something like that, we’ve had some teams, especially down south, that have come across ten or fifteen in one house. So, we’ve got about ten company flats down south that they can actually access in the short-term, until they get themselves settled...”

The interviews also revealed some of the key challenges employers face when trying to engage in this type of support. The key difficulty, in the experience of the Pret Foundation, was:

“... finding a property. We were looking for a property for 6 years. Somewhere in Central London and with the right partner. They are not obvious...”

Knowledge gaps surrounding this type of support were also highlighted:

“... I don’t think there’s much knowledge out there on the negative impact of insecure housing. Pret are ahead of the curve here. We are realising it now, because of the Pret House, and seeing that there are other people in the wider workforce who are also suffering. When you talk about it, you say, of course, well there must be. But now we’re properly realising it. I just don’t think there’s a lot of knowledge out there or analysis or proof that this is a real problem with financial consequences to it...”

Interestingly, the accommodation offered to homeless 'Rising Star' trainees revealed housing issues across staff members more widely:

"... But this opening a house for a certain part of the Pret employee population, it has shone a light on other people in the organisation who need support. We just have to work out how we're going to do that.

This is where the direct access comes in. Plugging into charities or organisations who have affordable accommodation. The key to that is 'affordable', so it's quite often charities, where people can access that without going through a programme like the Pret Foundation Rising Stars etc..."

It should be emphasised here that employers should not, and will never be, the primary safety net to prevent individuals from becoming homeless. Elsewhere, the CSJ Housing Commission has called for a dramatic increase in the supply of truly affordable housing to end the 'temporary accommodation trap', as well as a National Housing First Programme to tackle rough sleeping.

However, where employers are leading effective employment and training programmes which include housing support, this should be championed. Likewise, where employers are taking it upon themselves to provide employees with housing options before they reach statutory homelessness, early interventions can support people before their situations reach crisis point, mitigating long waits in unsuitable temporary accommodation – and easing the pressure on local services in the process.

Recommendation 7

The new Employer Housing unit in the Cabinet Office (see recommendation 1) should work with local housing associations and third sector organisations in order to foster further partnerships between ambitious businesses, registered providers of social housing and charities to offer Housing First style programmes for employees affected by homelessness.

2.3.2 Public-private partnerships: the potential for employers to invest in truly affordable housing

In light of the significant pressures placed on the most vulnerable in society by the housing crisis, organisations and investors, and indeed national and local government, have become receptive to innovative partnership models that make more truly affordable housing available for homeless families and vulnerable individuals. Critically, these partnerships are mutually beneficial, offering a sustainable and reliable income stream for investors, while also responding to pressing local housing need.

For example, Legal & General have announced a partnership with Croydon Council to provide 167 homes for families on the housing waiting list. These homes, made up of a mixture of houses and apartments in Croydon and neighbouring Boroughs, will be leased

to Croydon Council on a 40-year term, after which time they will belong to the council. Rents will be set at Local Housing Allowance (LHA) levels. The partnership is supported by a £44.6 million investment from Legal & General.

The homes aim to provide much-needed stability for local families and residents, many of whom have been living in emergency accommodation. The partnership hopes to deliver better outcomes for Croydon families in housing need, such as those who are statutorily homeless, as well as creating around £20 million in savings for the council.

Case Study 13: Legal & General and Croydon Council

With waiting lists for UK affordable homes reaching over 1.3 million, and over 2,000 families requiring Temporary Accommodation in Croydon alone, Legal & General is aiming to creating a blueprint for institutions and the public sector to work together to tackle the UK's housing crisis.

Legal & General's investment, which requires no Government affordable housing grant and does not rely upon Section 106 contributions, represents a first for the sector and an innovative new model that could be rolled out across other London Boroughs and UK local authorities.

The investment, being made on behalf of Legal & General Retirement Institutional, provides an 'excellent match' for Legal & General's long term annuity and pension commitments. It indicates the positive social impact that a proactive local authority and long-term investment can deliver, enabling Croydon Council to meet its affordable housing needs and reduce the burden on the public purse.

The homes will be managed by Croydon Council's housing team and offered to those on the council's housing waiting list. Legal & General were advised by Savills.

Councillor Alison Butler, Croydon Council's cabinet member for Homes and Gateway Services, said:

The council set up Croydon Affordable Homes so hundreds of local families can get good-quality homes with secure tenancies, and Legal & General's investment will save us around £20m in loan costs that means we can assist even more families in the long term...

At a time when the Government is squeezing how much it funds local authorities, this innovative partnership offers us better value for money than more traditional loans available to councils, and I hope this encourages other councils and financial institutions to follow suit.

Pete Gladwell, Head of Public Sector Partnerships at Legal & General said:

We want to enable society to shape its future through our investments; investing into sectors where we can make a real difference. This means enabling some of the most vulnerable in society to shape their world by providing stable addresses to apply for work from, and a kitchen table where their children can study. Partnerships like this, between forward thinking institutions and local authorities, can also turn statutory duties such as the provision of Temporary Accommodation from revenue drains into revenue generators, enabling councils to take control of their finances. Having launched our new affordable housing business last year, this investment highlights our continued determination to innovate within the sector and to work together to address the UK's chronic housing crisis.

Smaller scale examples elsewhere in the UK show how partnerships between local government, employers and charities can come together to establish effective housing support for those at the sharpest edge of the housing crisis.

Case study 14: The Social Bite Village

Social Bite is a social enterprise set-up in 2012 in Scotland. It operates a chain of sandwich shops and employs individuals who have been homeless. The Social Bite Fund was created in 2015 with a mission to end 'core' homelessness in Scotland. Funds raised through a series of 'sleep-out' events have been partly invested in the creation of the Social Bite Village, which was launched in 2018.²⁰⁶

The village was created as a partnership between Social Bite, EDI Group, and City of Edinburgh Council. The project supplies accommodation for up to 20 homeless individuals for 12–18 months, during which time residents are provided with support and work placements. After the period the aim is for residents to be transitioned to permanent accommodation and given career pathways. The project is aimed at people living in unsupported temporary accommodation who have low complex-needs.²⁰⁷

The houses on the site are wooden buildings, which have been commissioned for Social Bite and offer an improved living environment relative to other temporary accommodation. The houses are energy efficient, eco-friendly and moveable, which facilitates sustainability as they can be transferred to other sites and used on pre-development land in urban settings. The team comprises a manager, two key workers, two community builders, an administrator, and a range of volunteer roles.²⁰⁸

Recommendation 8

Public-private models where institutional investors, including large employers, partner with local authorities to invest in truly affordable housing should be expanded across the country. These should learn from the experience of a nascent partnership between a major institutional investor and Croydon Council.

On the smaller end of the scale, social enterprises can develop training programmes through which homeless employees can gain vital life skills for independent living, while at the same time being supported in making a transition to living in permanent accommodation.

Case study 15: Fat Macy's

Fat Macy's is a social enterprise providing dining experiences at supper clubs, events, and offices in London. The enterprise trains and supports young people in temporary accommodation and aims to help find people a home. A work experience programme is provided, and profits are applied to creating a deposit scheme for trainees. The scheme operates through trainees volunteering at events and accumulating credit in return, which is paid into a fund that accumulates until enough is saved for a deposit. At this stage, following receipt of a tenancy agreement and a contract of employment, Fat Macy's pays the deposit directly to the landlord. This structure benefits trainees by offering a programme through which vital skills for independent living can be developed.

²⁰⁶ Social Bite [www.social-bite.co.uk/about-us/]

²⁰⁷ Ibid

²⁰⁸ Ibid

Indeed, working with employers can be an effective mechanism through which the state may be able to engage individuals who are homeless or sleeping rough, and who may be otherwise unwilling to accept intervention or assistance in finding accommodation. Migrant workers as opposed to urban residents may not have long-term plans to reside in a city and may be unwilling to increase expenditure on housing if income increases. These workers may be more likely to engage with employers as a point of contact as opposed to the state and/or support services such as outreach teams.²⁰⁹

As noted above, with the rise of people in employment in temporary accommodation facing new housing pressures, employees should be better equipped to support employees with housing information and advice, including signposting employees to the proper local and national housing options available to them.

Recommendation 9

The 'housing health check' (see recommendation 6), should be developed in consultation with homelessness charities to support employers seeking to provide their staff with advice and guidance around homelessness. The employer housing accreditation should also reward employers who are taking active measures to monitor housing difficulties among their staff, such as when employees become (or are at risk of) homelessness, joining up with the local authority who now face greater expectations to prevent homelessness per the Homelessness Reduction Act (2017).

²⁰⁹ Anecdotal evidence collected during street outreach work in Central London, 2019

Conclusion

As has been uncovered during the course of the CSJ Housing Commission's inquiries, housing issues are undermining the fight against many of the key pathways to poverty. Yet the scale and complexity of the issues comprising the housing crisis require a correspondingly multifaceted approach.

There is, as we have argued previously, a clear and central role for Government in addressing these.²¹⁰ However, as we hope to have demonstrated in this report, we should not be limited in our thinking to merely what Government can do. For it will not be able to solve the crisis alone.

Here, the Commission has turned its attention to the role employers can play. As we have seen, the roots of employer housing support in England run deep. Examples from the turn of the twentieth century show how the social conscience (and indeed business interests) of employers such as Cadbury and Rowntree drove their concerns for the living conditions of their workers, as well as the impact of housing poverty on the wider working population.

Independent polling published in this report reveals the alarming scale of concern among large UK employers today about the impact of housing issues – including supply, affordability and security – on their staff's wellbeing and their businesses' productivity. But it also highlights the ongoing efforts many ambitious employers are making to support people with these.

Today, employer housing support manifests in three key ways: delivering housing, providing access to homes, and programmes designed specifically for those suffering from, or at risk of, homelessness. In each of these areas, the international and domestic case studies presented here suggest that the level of ambition exhibited by the employers in years gone by who sought to build 'model villages' has not disappeared. Rather, it has transformed to a changed labour market with employees and consumers facing modern housing pressures.

The research indicates the potential for the best employers to make an even more significant contribution to solving the housing crisis. There are, moreover, clear ways that the Government can equip them to do so, learning from cases of good practice both at home and abroad. By supporting unconventional not-for-profit developments and employer investment in purpose-built rental homes, re-energising the campaign for employer-led tenancy deposit loans, and driving a new wave of innovative partnerships between local authorities, social housing providers, charities and employers, more of those at the sharpest edge of the housing crisis can be equipped with the support they need to address the challenges locking them in poverty.

²¹⁰ See the CSJ Housing Commission's forthcoming Final Report

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