Brighton and Hove:
The barriers to further economic development

A report to the Brighton and Hove Economic Partnership

by

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Executive summary

Current situation

?? Brighton and Hove has a worsening affordable housing problem, which is affecting its growth and competitiveness.
?? Many of Brighton and Hove's specific problems come from its success – in attracting higher income households, acting as a regional centre and as an incubator for new firms.
?? Brighton and Hove has many valuable housing assets, including its large private rented sector, the flexible nature of much of its existing stock and the potential for densification within the city's boundaries.
?? However, it faces particularly difficult constraints through its physical position, its inadequate transport links along the coast and the relative lack of large sites for development.

The way forward

No grand new schemes, and no one initiative, will provide the answer, but:

?? Every opportunity must be taken to expand effective supply and to ensure affordability.
?? Mainstream housing programmes through government grant and planning obligations must be used to their full extent but will not do anything like enough to alleviate the problem. Brighton and Hove's responsibility here is to ensure that they get their fair share of what is available.
?? Other initiatives need to go with the grain of the market and particularly to concentrate on making better and more flexible use of existing assets. This applies not just to housing but to land, transport and employment conditions.

Specific initiatives for a future agenda

1. Lobby government to improve the definition of affordable housing; to make the s106 system easier to use and to enable subsidies to private affordable housing provision where necessary.

2. Use the new emphasis on sub-regional partnership to improve and integrate transport linkages to lower cost locations (including park and ride).

3. Make redevelopment of mixed use and affordable housing schemes (including live/work space) that increase densities in low density inner areas easier.

4. Improve information/coordination on what affordable housing and low cost home ownership schemes is available as well as on the specifics of demand for intermediate housing.

5. Involve both employers and financial institutions to develop new ways of widening affordability including live/work arrangements and better use of the private rented sector.

Section 1: What is the problem, and why is affordable / key worker housing relevant?

1.1 Introduction

This report presents the findings of research undertaken by the Cambridge Centre for Housing and Planning Research into the demand for affordable and key-worker housing in Brighton. It aims to set out some possible housing solutions to what is essentially a labour-market problem – a lack of wage flexibility in some industries, leading to a shortage of workers to underpin economic growth and success.

1.2 Labour markets and housing markets

Labour market and housing market policies tend to treat housing and employment decisions as independent. It is assumed that employers will provide housing and/or finance where necessary; but that in most cases individuals can make their own decisions within the separate markets.

Land-use planning in particular focuses almost exclusively on the housing market. Local authorities often argue that they should not be providing for inward migration, even if this is due to employment growth. Requirements for affordable housing are based on local housing need surveys, which by definition concentrate on existing needs in the locality. Changes in house prices, which reflect housing market pressure, are not taken directly into account.

In the past, up to 25% of the private rented sector consisted of housing provided by employers, including the public services. In addition, most local authorities provided council housing for some of their own workers, such as teachers, and some provided mortgages (e.g., the Greater London Council). There were several reasons for this help: because employees needed to live near their work (school caretakers), because they worked unsocial hours and could not depend on public transport (police, some nurses), because the risks of private provision were too high as a result of the concentration of particular employment (miners), to provide for new entrants moving in from a distance (teachers) or for students as part of their training (nurses, police cadets). Employers could benefit from economies of scale in the provision of short-term accommodation, as well as bearing risk. Such provision acted as a substitute for pay, especially where new entrants faced higher costs than those already there.

Most of this housing disappeared in the 1970s, largely because demand for it fell. Owner occupation became more easily available and the mortgage market was deregulated. In many areas de-industrialisation removed the link between housing and employment (e.g., mining). Changes in accessibility, with greater car ownership, were increasingly important. In the 1980s these trends were reinforced by a policy of selling off public-sector housing assets. Local authorities were under pressure to reduce budgets and increasingly emphasised housing those in the greatest need, changing their allocation systems so that only the most needy were eligible. Organisations such as the health service limited their housing provision to students and those who had to live on site.

The tax system still favours employers who provide housing assistance, but employees must now pay tax on any imputed income from such provision. This means that most workers would

prefer to receive such income in money terms, rather than as housing services. As a result, most employers have opted out of housing support with the exception of removal costs. However, in the public sector in particular, it is not possible to pay differential salaries to reflect higher costs faced by new entrants to the housing market. Nor is it possible to pay enhancements to allow existing workers to stay in the area when their housing requirements increase, such as when they start a family.

In recent years the cost of housing has risen faster than incomes, particularly in the public sector. From the 1970s, earnings have risen by 1.8% per year while house prices have risen by 2.8% per year. In the South East the difference has been even wider. The earnings of some public sector workers in particular have risen more slowly than the national average.

1.3 Housing the workforce

This background suggests that housing is particularly relevant to the workforce and hence to the local economy: Problems may arise in the interaction between the housing and labour markets because

- inability of public sector to vary salaries between new entrants and existing employees
- the need for accessibility for those who work unsocial hours
- jobs in many occupations, including essential services, are spread evenly across the country – so many households wanting to leave high-cost areas can easily find work elsewhere
- there are economies of scale in the provision of particular types of housing
- given the risks of short-term accommodation, market provision is expensive.

1.4 The framework for analysis

Individual employees make decisions about where to live and in what type of housing. These decisions are constrained by what may be simultaneous decisions about type of employment, location and salary, although sometimes (e.g., for people first entering the labour market) employment decisions are made prior to housing decisions (when to leave the parental home). One particularly important factor in terms of housing decisions is the number of workers in the household. In a multi-worker household, the decision about where to live must be made in light of more than one journey to work. The outcome is likely to be a compromise, or a trade-off between living near the workplace of at least one household member, and commuting.

From the point of view of the employer, recruitment difficulties may be directly related to high local housing costs and/or lack of suitable housing. Retention problems are likely to reflect employees' assessments of their long-term career prospects and their comparisons of the cost and availability of their preferred type of housing in different locations. Thus if employees cannot afford the sort of housing to which they aspire in the local area, they may change jobs and move to a place where they can.

Decisions about housing are strongly influenced by housing market conditions, both overthe business cycle and within particular localities. The pattern of housing provision in any one place is a product of past decisions and policies which are slow to change because housing, like all property, is so durable. Access to work however has changed more dramatically. Manufacturing employment has fallen, service jobs have increased, and transport infrastructure and costs have restructured, all of which alters the relationship between workplace and housing locations. Both jobs and households have moved further away from city centres and become more dispersed.

House prices are determined by demand and supply. Equally, rents in the private sector are determined by what people are willing to pay and what is on offer. In the long term rents will be closely related to the appropriate rate of return on house prices, although in the short term they may be held down by expectations of capital gains. Evidence over time suggests that private renting is almost as expensive as owner occupation, so it is reasonable that people prefer to buy. However, private renting provides different types of housing – smaller units, shared accommodation – which may be suited to people entering the housing market and to mobile households. At present, rents further up the market are out of line with house prices and many potential tenants can find bargains. However, this higher-cost supply is not affordable to those on lower incomes, particularly public sector or key workers.

The role of the social sector has changed considerablyover the last twenty years. This is mainly the result of Right to Buy, which helped many people to own their home and added to the lower end of the owner occupied market for new entrants to the housing and labour markets. As a result, the number of social sector dwellings has fallen and such housing is usually available only to those in priority need.

Access to the social sector for lower paid workers has declined significantly, as the sector has become increasingly restricted to those in greatest need and particularly to homeless households. While there are new initiatives aimed at helping key workers (narrowly defined) to access housing near their workplaces, the social sector is unlikely to do more than this. Many of these initiatives reduce the availability of housing elsewhere, and many are also likely to be out of reach of younger households because the costs are still too high in relation to their incomes

It is important to ask why key workers are considered so important and why initiatives do not address the housing difficulties of all lower paid employees. Why don't employers simply raise wages to solve the problem? There are five main reasons for this:

1. It is not normally possible for employers to pay different wages to different people in the same job because wages are transparent, so their ability to attract new entrants by paying them more than those already there is limited;

2. employers in the public sector cannot directly vary their revenues in order to cover increased wage costs;

3. most public sector workers are dependent on national wage scales where employers are restricted in the additional payments they can make to attract and retain staff;

4. the wage bill for many employers is a high proportion of total costs, so that any additional payment impacts heavily on service levels;

5. key worker jobs are usually available in many locations, and it can be difficult for a school, say, in a less desirable location to compete with one in a more desirable place.

There are cyclical factors at work which are making the problem more severe now. In periods of high demand, house prices rise more rapidly while wages and earnings lag behind, particularly in the public sector. The housing supply is unable to respond quickly to the rising prices by the production of more houses. One implication of this is that the key worker problem is likely to ease once the boom has ended and the national economy moves into recession or slower growth. However, not all the factors affecting staff shortages are cyclical. Some are structural, such as increasing differentials in earnings between public and private sectors and in house prices between different parts of the country. Labour-market theory would suggest that if wage costs in one area become too high, less competitive firms will reduce their workforce, increase productivity, or move jobs elsewhere. But where key worker jobs are concerned these are not options, as public services such as health and education have to be provided in expensive as well as cheaper locations.

It seems clear that on present trends, even though the problems may ease as the national economy slows, they will return to prominence in the next economic cycle and beyond, given continued economic growth. Population will continue to rise, housing output is unlikely to meet these growing requirements and even long-term income growth as low as 2% per year is likely to result in more rather than less inward migration as well as adding to housing demand.

Other sources of labour – such as nurses and teachers from abroad, or asylum seekers – might be capable of assisting in the key worker problem and alleviating labour market pressures. But without additional housing provision, they too will face the same access problems as the host population. Another suggestion has been to encourage lone parents to return to work or to train and enter longer-term employment once their children have reached the age when they can be left – but that requires a childcare solution even if the family is already adequately housed.

The questions to be answered can be summarised as follows:

- What is the need for additional housing for lower paid employees and particularly key workers?
- What is the position of key workers in the housing and labour markets?
- What is the impact of housing costs on employee recruitment and retention?
- What is the importance of meeting aspirations as well as providing shelter?
- What are the likely consequences if housing needs cannot be met?
- Why might employers find it worthwhile to play an active part in addressing the problem?

Section 2: The context

2.1 The economy

Over the past 10 years the Brighton and Hove economy has been transformed from a low-wage, manufacturing-based economy to a predominantly highly skilled one based on education and knowledge, culture and media.

The socio-economic classification (table 1) shows that, compared to other regions and the country as a whole, Brighton and Hove has a smaller percentage of lower supervisory, technical occupations, semi-routine and routine occupations and a larger percentage of small employers and own account workers, lower managerial and professional occupations and higher professional occupations.

Table 1: Socio-economic Classification (All people)

	England	South East	Brighton and Hove UA
All people aged 16 - 74	35,532,091	5,766,307	185,131
Large employers and higher managerial occupations	3.5	4.53	3.18
Higher professional occupations	5.11	6.26	6.7
Lower managerial and professional occupations	18.73	21.18	22.32
Intermediate occupations	9.48	10.31	9.97
Small employers and own account workers	6.98	7.76	8.02
Lower supervisory and technical occupations	7.11	6.83	5.14
Semi-routine occupations	11.65	10.63	9.32
Routine occupations	9.02	7.35	5.5
Never worked	2.72	1.58	2.02
Long-term unemployed*	1.01	0.6	1.28
Full-time students**	7.03	6.72	10.84
Not classifiable for other reasons***	17.66	16.24	15.7

* For long-term unemployed year last worked is 1999 or earlier.
** In the NS-SeC classification, all full-time students are recorded in the 'full-time students' category regardless of whether they are economically active or not.
*** Not classifiable for other reasons' includes people whose occupation has not been coded.
Source: Census, 2001

Nevertheless a significant percentage of the population remains in low-wage occupations including the hotel, retail and catering trades. The New Earnings Survey (2003) shows that 12.3% of full-time employees on adult rates earn under £250 per week, comparable with 12.4% in the South East and 15.5% in England.

In March 2001 the unemployment rate in the district, based on the monthly count, was 4.4%, significantly higher than in the South East as a whole (1.8%) and Great Britain (3.4%). However, between March 2000 and March 2001, unemployment fell in Brighton by 1.2%. Unemployment in Brighton has more than halved over recent years, partially due to around £240 million central government and European investment into local regeneration and employment creation (although the rate of decrease has slowed). The Brighton & Hove Regeneration Partnership was formed in 1995 and is responsible for the management and delivery of Brighton and Hove's successful Single Regeneration Budget (SRB) scheme. The SRB programme provides funding for regeneration projects carried out by a partnership of public, private and

voluntary organisations. There have so far been six rounds of the SRB scheme and the Partnership has won £41 million in all for the city.

Unemployment figures from the Labour Force Survey are slightly higher. Over the year March 2001 – February 2002, the unemployment rate for Brighton and Hove averaged 5.2% using the ILO definition. This compares with 3.3% in the South East and 5% in the UK over the same period. In the wider travel-to-work area (TTWA), which covers Brighton, Hove, Shoreham, Newhaven, Lewes and Burgess Hill, unemployment fell to 3.4%.

Brighton and Hove is now a key location for economic growth in the South East region, and particularly in Sussex. Further growth has been predicted. The local authority wants to channel growth to help achieve certain key aims which are set out in the latest draft local plan (2002). Of particular relevance are the following objectives (Brighton and Hove Plan, 2002, e.1.3):

> "3. make the best use of the land available and secure the re-use of sites that have lain vacant for too long;
> 4. provide opportunities for new types of development where the use of land or buildings is mixed and residential densities are higher;
> 9. provide enough of the types of houses and flats people need, of a decent standard in the right locations and at prices and rents people living in Brighton and Hove can afford;
> 13. promote new opportunities for sport, recreation, tourism, leisure and cultural facilities, in particular through the development of key sites."

The city now has a high proportion of freelancers and self-employed people and a high business start-up rate, signs of a dynamic economy. A publicly funded business-assistance programme called Hub 100 was launched in September 2003 to help fast-growing companies succeed. It is targeted at the 100 companies judged to have the greatest potential to grow and impact the Brighton and Hove economy. Hub 100 is not the only business support programe; Business Link and the Brighton, Hove and Lewes Enterprise Agency provide generic business support, whilst Wired Sussex and the Brighton Media Centre provide specialist support to companies in the media sector.

The service sector is particularly strong in Brighton. Key areas include financial intermediation, which accounts for 9% of local employment, compared with only 5% nationally (table 2). The high technology and creative industries are also strongly represented; the city has a dynamic and well-established new-media cluster. A study for the Government Office for the South East identified Brighton and Hove as having one of only two genuine media clusters in the region (the other is in Oxford). In the past few years, 130 new-media companies have emerged in Brighton and Hove, with a further 170 companies located just outside the city in East and West Sussex. The sector now employs some 3,000 people. However, a study comparing the new media industry with care and refuse workers indicates that most media workers are not highly paid. Average earnings were 1.5 times the average for Brighton and Hove, but median earnings were lower, indicating a few higher earners pushing up the average. The same study suggested that as IT and media work became more routine, opportunities for high earnings would decrease (Perrons, 2004, forthcoming).

Table 2: Employment by sector, Brighton and Hove and national figures, 2001

	England and Wales	South East	Brighton and Hove UA
All people aged 16 - 74 in employment	23,627,754	3,888,756	117,551
Agriculture; hunting and forestry	1.5	1.45	0.53
Fishing	0.02	0.02	0.02
Mining and quarrying	0.25	0.18	0.07
Manufacturing	14.96	12.13	7.65
Electricity; gas and water supply	0.73	0.72	1.21
Construction	6.77	7.13	6.15
Wholesale & retail trade; repair of motor vehicles	16.83	16.35	14.42
Hotels and catering	4.76	4.3	5.46
Transport; storage & communication	7.01	8.14	8.54
Financial intermediation	4.73	5.09	8.63
Real estate; renting and business activities	12.97	15.59	14.36
Public administration and defense	5.72	5.93	4.52
Education	7.76	7.85	9.76
Health and social work	10.81	9.83	12.16
Other*	5.18	5.29	6.54

* Other includes, other community, social and personal service activities, private households with employed persons extra territorial organisations and bodies

Source: Census, 2001

Brighton and Hove is also a major year-round international tourist and conference destination. More than 8 million people visit the city each year for holidays, business or day trips. These sectors have made a significant contribution to the city's strong economic performance.

2.2 The labour force

The district has a total population of around 250,000 and a resident workforce of 125,000, which is predicted to rise to over 131,000 by 2006. The age profile of the district is relatively young, and one third of all local residents are in the most economically dynamic section of the population, the 25-44 age group.

Brighton and Hove has a large student population in two universities, the University of Brighton and the University of Sussex. The University of Brighton is a 'new' university formed in 1992. It has three campuses, two in Brighton and one in Eastbourne, and plans to open a University Centre in Hastings. The university has over 18,000 students, and plans to add about 2000 more by 2007. The extra students will not all be located in Brighton, since the university plans to educate most of the new undergraduates in partnership with local colleges, and of those who do study at the university proper, some will attend campuses outside Brighton.

The University of Sussex was the first of the universities founded in the 1960s, receiving its Royal Charter in 1961. Its campus is situated on the edge of the Sussex Downs, and it is the only university in England entirely located in an Area of Outstanding Natural Beauty. Sussex has a distinguished research record in both the sciences and humanities and has a close working relationship with the University of Brighton, a short distance away. It has about 12,000 students.

The district's economic strategy notes that some 8,000 students graduate each year from the two universities and the college of technology, and many of them stay to work and live in the area. Because of this, and of the attractions of Brighton and Hove for highly qualified people, the city

has a stable, well educated and high quality workforce. Approximately 18% are educated to degree level or above, compared with a national average of 11%.

Employment in Brighton and Hove is disproportionately in the areas of management, professional and associate professional occupations, which generally require high-level skills. Of the total Brighton and Hove workforce, 47.8% are in these occupations, compared to 40.1% in England and Wales.

The city has a non-white minority ethnic population of 5.8% and many continental Europeans study and work in Brighton. An estimated 35,000 language students come to the city annually to study at the more than 30 language schools. Many look for local employment during and after their courses.

2.3 The social context

Figures from the 2001 census (table 3) show that Brighton & Hove had the twice the national average level of cohabiting couple households with no children. It also has a large (23%) proportion of one-person non-pensioner households. These figures reflect Brighton's position as the gay capital of Britain. This has important implications for the local economy.

Table 3: Household Composition in Brighton and Hove, 2001 (%)

	England and Wales	South East	Brighton and Hove UA
All households	21,660,475	3,287,489	114,479
Percentage of households comprising			
One person: Pensioner	14.43	14.39	15.97
One person: Other	15.59	14.12	23.38
One family and no others: All pensioners	8.97	9.74	6.93
One family and no others: Married couple households: No children	13	14.09	8.96
One family and no others: Married couple households: With dependent children*	17.56	18.97	11.57
One family and no others: Married couple households: All children non-dependent	5.99	5.8	3.37
One family and no others: Cohabiting couple households: No children	4.72	5.22	8.01
One family and no others: Cohabiting couple households: With dependent children	3.24	3.09	3.28
One family and no others: Cohabiting couple households: All children non-dependent	0.32	0.32	0.26
One family and no others: Lone parent households: With dependent children	6.46	5.22	6.08
One family and no others: Lone parent households: All children non-dependent	3.06	2.69	2.51
Other households: With dependent children	2.23	1.91	1.64
Other households: All student	0.39	0.35	1.19
Other households: All pensioner	0.41	0.43	0.48
Other households: Other	3.62	3.65	6.36

Source: 2001 Census

* A dependent child is a person in a household aged 0 - 15 (whether or not in a family) or a person aged 16 - 18 who is a full-time student and in a family with parent

A survey by Stormbreak in 2002 found that two-fifths of gay people fell into the professional classes AB, and a further one-third were C1s (typically office workers). Salary levels of gay people averaged £30,000 per annum (gay men £31,000, and lesbians at £26,000), much higher than the national average of around £18,000. Monthly disposable income averaged £663, but was far higher for men, at £743, than for women at £493. Frequenters of the gay scene were found to be higher earners than non-scene gays, both males and females.

2.4 Communications

Telecommunications

The telecommunications infrastructure in Brighton and Hove is well developed, with broadband widely available. According to Sussex Enterprise's Annual Business Survey, nearly 80% of businesses in Brighton and Hove have access to the Internet, and just under 50% use broadband.

Transport links

Brighton has good transport links. The express train to London Victoria takes 49 minutes, and coaches run to London Victoria 19 times a day. International links are also good, with Gatwick International Airport half an hour away by road and rail. London Heathrow airport is 70 minutes by road, entirely on dual-carriageway trunk roads and motorways. A direct coach service operates every 30 minutes, seven days a week. Brighton and Hove has its own airport at Shoreham for business aviation. A fast ferry to France runs up to three times daily (in summer) from Newhaven. The M25 London Orbital motorway can be reached in 30 minutes via the A23/M23, and the A27 dual carriageway provides good east-west access.

While public transport links to and from London and the airports are good, links to nearby towns such as Hastings and Lewes and even outlying parts of Brighton are less good. The train service to Hastings has recently been improved, with more direct trains, but the journey still takes over an hour. This leads to a high dependence on commuting by car, but the controlled parking zone which has recently been extended in central Brighton means that people who drive in to the town cannot park. The central controlled parking zone was designed to address intense traffic congestion within the city but without adequate public transport alternatives, it has a major impact on commuters.

The Brighton and Hove Local Traffic Plan identified considerable traffic problems, with annual average daily traffic flows on many major and minor roads increasing between 1996 and 2000.

Commuting patterns

New datasets released from the 2001 Census have shown that the city is a net exporter of commuters. 33,500 city residents commute out of the city and 28,000 workers commute into the city. Of these journeys, approximately 20,000 each way are made by car. In addition 34,000 people who live and work in the city use a car to get to work (41%). This means that there are approximately 80,000 car journeys made by commuters in and out of the city. Only 13,000 (16%) of people who live and work in the city use a bus to get to work and 19,500 (23%) walk to work.

People commuting into and out of the city are most likely to work as managers & senior officials, professionals and associate professionals and use a car to get to work. However people who live and work in the city work disproportionately in lower skilled occupations and are significantly more likely to walk or use a bus to get to work.

The figure of 55,000 (49%) of workers in the city that travel to work by car is a much lower proportion than in the South East (67%) and England & Wales (62%). It is also a significantly lower proportion than in other conurbations, such as Bristol (61%), Portsmouth (61%) and Southampton (63%).

Nearly 8,000 residents commuting out of the city use a train to get to work, compared to under 3,000 workers who commute into the city by train. More than a quarter (28%) of all outward commuters travel more than 60km to work. Inward commuters are most likely to travel between 10km and 20km to get to work.

Table 5 illustrates travel to work by different methods in Brighton and Hove.

Table 5: Travel to work in Brighton and Hove, 2001(% except where stated)

	South East	**Brighton and Hove UA**
All people aged 16 - 74 in employment (number)	3,888,756	117,551
Work mainly at or from home	9.93	9.25
Underground, metro, light rail or tram	0.23	0.17
Train	5.63	8.38
Bus mini bus or coach	4.35	12.46
Motorcycle scooter or moped	1.12	0.81
Driving a car or a van	59.18	43.16
Passenger in a car or van	5.65	4.87
Taxi	0.41	0.53
Bicycle	3.07	2.7
On foot	9.91	17.15
Other	0.5	0.52
Average distance traveled to fixed place of work (km) *	12.6	13.22
Percentage of public transport users in households with a car or van**	81.41	61.31
Percentage of public transport users in households without a car or van***	17.73	37.14

Source: 2001 Census

Notes:
* The distance traveled is a calculation of the straight line between the postcode of place of residence and postcode of workplace
** Excludes working at home, no fixed place of work, working at offshore installation, working outside UK. For the purposes of this table, public transport is defined as Underground, metro, light rail or tram; train; bus, minibus or coach.
*** The number of people who travel to work by public transport who live in a household with/without a car or van is expressed as a percentage of the number of people who travel to work by public transport. These figures may not sum to 100% as residents of communal establishments who travel to work by public transport are not included in these counts.

Brighton and Hove workers

More than half the people who work in Brighton and Hove travel less than 5km to work and a quarter travel less than 2km. A further 16% work mainly at home or have no fixed place of work. Around 21,000 of the city's workers travel over 5km to work. Generally the city's workers have a shorter distance to travel to work than workers in the south East and England & Wales.

Compared to other conurbations, such as Southampton, Portsmouth and Bristol, the city's workers travel shorter distances to work and only 2.9% of commuters can be classed as long distance compared to the South East figure of 5.7% and England & Wales figure of 4.9%.

2.5 The housing market

The house price/earnings ratio, which is a common indicator of housing affordability, has increased in Brighton and Hove from around 5.8 times average earnings in April 2000 to 8.2 times local earnings in April 2003 (New Earnings Survey & Land Registry). Potential first-time buyers will find it increasingly difficult to enter the housing market unless they have high earnings and/or are able to pay a large deposit to reduce their borrowing requirement.

The rise in house prices has been highlighted as an important issue for key workers such as teachers, police officers, nurses, fire fighters and social workers. Problems of recruiting and retaining all staff—not just key workers--are likely to grow across the South East, but especially in Brighton and Hove where housing costs are particularly high relative to local earnings.

There is also a serious shortage of affordable (i.e., subsidised) housing for rent in the district. The numbers of both households 'in need' on the housing register and in statutory homelessness have increased significantly over the last 12 months. Brighton and Hove has a relatively small social housing stock (15.3% of dwellings) compared to England as a whole (20.9%).

Looking at the housing stock (table 6) we can see that in comparison to the national and south east figures Brighton and Hove has a very high proportion of flats and maisonettes (47.41% compared to 19.66% nationally) and a small proportion of houses (52.52% compared to 79.92% nationally).

Table 6: Housing Stock

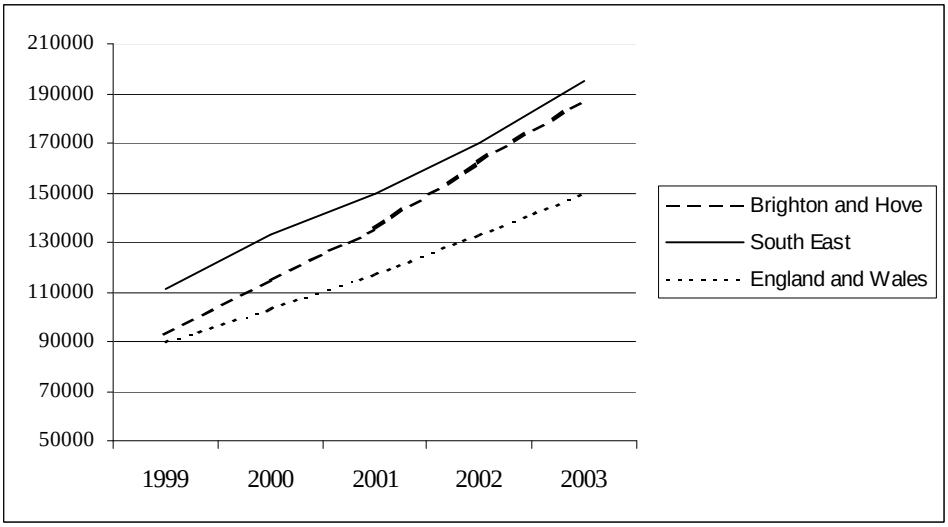
	Brighton and Hove UA	Nationally	South East
All household spaces: With residents	114,479	20,451,427	3,287,489
All household spaces: With no residents: Vacant	3,571	676,196	91,301
All household spaces: With no residents: Second residence/holiday accomodation	903	135,202	23,030
Percentage of all household spaces which are of accommodation type: Whole house or bungalow: Detached	10.95	22.51	29.28
Whole house or bungalow: semi-detached	20.07	31.57	28.45
Terraced (including end-terrace)	21.5	25.84	23.12
Flat maisonette or apartment: purpose built block of flats or tenement	21.93	13.96	13.02
Flat maisonette or apartment: Part of a converted or shared house (including bed-sits)	23.54	4.55	4.26
Flat maisonette or apartment: In a commercial building	1.94	1.15	1.17
Caravan or other mobile or temporary structure	0.08	0.42	0.69

Source: Census, 2001

Owner occupation

Between 1998 and 2003, property prices in the city rose significantly. Most properties doubled in value, and the average house price reached £187,552 in April 2003. Figure 1 illustrates the pattern of house prices over recent years, again comparing with the region and England as a whole. It shows that while house prices in Brighton are below the regional average, they have been rising at a faster rate than the rest of the region, and therefore are now catching up.

Figure 1: House price change in Brighton, the South East and England, 1999-2002



Terraced houses in Brighton and Hove are the third most expensive in England and Wales, with only Greater London and Windsor having more expensive terraced properties.

Table 7 - Brighton & Hove: Property Prices 1998-2003

Property	2003 (Q2) Average Price	Annual Income Required	1998 (Q1) Average Price	Annual Income Required	Increase (%)
Detached	311,999	85,440	152,344	41,719	205
Semi-Detached	211,578	57,940	94,428	25,859	224
Terraced	213,787	58,545	85,290	23,356	251
Flat / Marionette	147,275	40,331	53,375	14,617	276
Average Price	£187,552	51,360	£74,786	20,480	251

Income required based on 89 per cent mortgage (CML average first time buyers deposit) with income multiplier of 3.25.
Source: HM Land Registry.

The property market in the Brighton and Hove district is relatively strong when compared with the South East region and also when compared with England. Although house prices are marginally below the average for the South East, this is largely due to the high proportion of flats in the housing stock skewing the average house prices downward. The average price of a flat/maisonette is considerably higher in Brighton and Hove than both regionally and nationally (table 8). This additionally means that the first time buyer's house that is often a flat is prohibitively expensive.

Table 8 - House prices in Brighton and Hove: a comparison(£), Apr-June 2003

	All dwellings	Detached Houses	Flat/Maisonette
Brighton & Hove	187,552	311,999	147,275
South East region	194,798	320,232	128,100
England and Wales	149,935	235,614	143,631

Source: Land Registry, Apr-Jun 2003

Private rented sector

Brighton and Hove has a large private rented sector. Some 18% of properties are in private rental, twice the national average. The cost of private renting has increased greatly in the past few years, though not by as much as the cost of home ownership (tables 8, 9).

The average rent for a one-bedroom flat in 2001, at £613 per month, was equivalent to the monthly payment on a mortgage of £110,000 (requiring an income of over £30,000 to finance). The average annual income in Brighton and Hove was approximately £22,638 (New Earnings Survey, 2001), meaning monthly rents were often significantly higher than payments on a financially prudent mortgage. The increase in private rents has particularly affected those on benefits, since the gap between Housing Benefit indicative rents and market rents has widened. An increasing number of private landlords now refuse to let to tenants on benefits.

Table 9 - Brighton & Hove, private sector rent levels

Property	*2001**		*1998*		*Rent Increase*
	Average/month	*Indicative Rent*	*Average/month*	*Indicative Rent*	
1 bed flat	£613	£466.92	£478	£373.75	28 per cent
2 bed flat	£839	£601.25	£696	£487.50	21 per cent
2 bed house	£854	£601.25	£696	£487.50	23 per cent
3 bed house	£1,048	£731.25	£ 849	£ 590.42	23 per cent

Source: Housing Strategy Monitoring (* Sept 2001 to Dec 2001)

Table 10 shows that in Brighton and Hove, the average weekly rent for private rented housing in 2001/02 (£108.16) was higher than in the South East (£96.09) and all England (£80.54). Average local authority rents were comparable, however – £49.85 in Brighton & Hove, compared to £54.22 in the South East and £47.94 in England as a whole. Housing association rents, at £68 per week, are also similar to those in the South East (£68.69) and England (£59.65).

Table 10: Average rent levels in Brighton, the South East and England

Cross Tenure Rents - all dwellings	Average Weekly Rent		
	Brighton & Hove	SE	England
ODPM Local Authority (2001/02)	£49.85	£54.22	£47.94
CORE Housing Association (2001/02)*	£68.00	£68.69	£59.65
TRS Private Sector (2000/01)**	£104.70	£93.02	£77.96
TRS Private Sector (2001/02imputed)***	£108.16	£96.09	£80.54

* - haal = housing association all lets

** - psrueo = unfurnished excluding oversized

*** - imputed using 2000/01 data increased by 3.3%

Affordability

As Table 11 illustrates, mean annual earnings in Brighton in 2003 were considerably less than those in England and the South East (£22,981 for Brighton and Hove compared to £25,651 for the England and £26,669 for the South East). This implies that households in Brighton and Hove spend more of their incomes on renting or buying housing than people in England as a whole. The ratio of average annual income to house prices in Brighton and Hove is 1:8, equal to the ratio for the South East region and well above that for all of England (1:5). Relative to incomes, housing in Brighton is more expensive than in England as a whole.

Table 11: Gross income to house price ratios

Inland Revenue Income (2003)		Land Registry Average House Prices (Apr-June 2003) - all dwellings	Income to House Price Ratio
District name	Mean	Average Dwelling Price	
Brighton and Hove	£22,981	£187,292	1:8
SE	£25,651	£194,869	1:8
England	£26,669	£133,247	1:5

The council's Housing Needs Survey 2000 showed very high levels of housing need in the city. Some 13,687 households, 11.8% of the total, had a significant housing need and were unable to afford suitable housing at market prices. Housing need locally is nearly twice the average for similar surveys carried out in 130 other districts, and similar to that in most London boroughs.

In order to purchase a one-bedroom flat in Brighton and Hove using one third of gross income (the affordability ratio suggested by the National Housing Federation), an individual would require an annual income of £21,150 (table 12). This is just above the local average earnings in 2003 of £22,981. A single-income household whose earner was among the 41% of the local population on less than £18,200 (£350 per week) would therefore be unable to afford a purchase at the bottom of the market (New Earnings Survey). A couple, each on the average income, would earn £45,962 and could afford a three-bedroom terraced house. A couple each earning £18,200 could only afford a two-bedroom flat or a three-bedroom ex-local authority house—and 41% of the population earn less than this. Two people on the minimum wage of £4.20 per hour would have a joint annual income of £16,380, and would not be able to afford to buy.

Table 12: Typical prices of properties in Brighton and required income to service the mortgage, 2003 prices

	Price range	LTV	Loan	Weekly cost	Required gross annual income
Studio flat	90,000 - 100,000	0.79	71,100	111.38	17,375.28
1 bed flat	110,000 - 150,000	0.79	86,900	135.58	21,150.48
2 bed flat	140,000 - 160,000	0.79	110,600	171.89	26,814.84
2 bed regency style flat	190,000 - 230,000	0.79	150,100	232.4	36,254.40
2 bed terraced house	170,000 - 220,000	0.79	134,300	208.2	32,479.20
3 bed ex-LA house	150,000 - 160,000	0.79	118,500	183.99	28,702.44
3 bed terraced house	240,000 - 300,000	0.79	189,600	292.91	45,693.96
4 bed terraced house	270,000 - 350,000	0.79	213,300	329.22	51,358.32

Source: House prices – from a survey of Brighton estate agents, Whites, Tanat & Jones, Bentleys, Halls
Weekly cost based on buying property at bottom of price range. Cost of servicing loan calculating using CML current interest rates, allowing for life insurance, buildings insurance, MPPI and loss of interest on deposit.Income level determined using standard 0.33 affordability ratio.

House prices in the wider travel-to-work area

Table 13 shows the house prices in the wider Brighton travel-to-work area. It is evident from this table that the average price of a flat or a terraced house in all of these areas is cheaper than the equivalent price in Brighton. It is therefore important that access to these areas by public transport is good in order to enable workers in Brighton to access the cheaper housing.

Table 13: House prices (£s) in the wider travel to work area by postcode area for the period July-Sept 2003

	Detached	Semi-detached	Terraced	Flats	All	Distance** (miles)
Lewes	361,694 (56)	205,234 (53)	205,744 (56)	125,901 (34)	235,852 (199)	8.1
Worthing	268,728 (155)	190,525 (166)	155,622 (171)	115,984 (234)	174,975 (726)	11.6
Eastbourne	276,090 (114)	182,160 (155)	150,407 (246)	141,776 (326)	169,950 (841)	23.8
Hastings	211,954 (60)	148,625 (58)	133,148 (106)	76,452 (77)	137,335 (301)	35.8
Burgess Hill	300,261 (45)	196,004 (62)	156,332 (62)	118,940 (25)	197,578 (194)	10.6
Newhaven	217,500 (9)	164,760 (15)	132,251 (30)	93,245 (10)	145,764 (64)	8.9
Brighton	**278,099 (106)**	**208,571 (204)**	**206,390 (391)**	**148,296 (481)**	**189,556 (1182)**	-
England and Wales	251,017	144,546	119,664	153,837	160,625	-

* House price data is taken from Upmystreet.com which is sourced from the Land Registry. The numbers in brackets indicate the total number of properties sold

** Distance data is taken from Multimap.com

Homelessness

Homelessness is a serious problem in Brighton. During 2000-01, the district issued more homelessness acceptances than it had new lets in both its own stock and that of partner registered social landlords. In all, homelessness acceptances exceeded the supply of lets by over 30 per cent during the year. In comparison, in London during 2000-01, homelessness exceeded the supply of lets in only 11 of 33 boroughs (London Housing Unit, 2002).

Since 1997-98 there has been 76 per cent rise in homelessness acceptances. Use of bed and breakfast accommodation has doubled to almost 300 households. The council has taken part the Government-sponsored Rough Sleepers Initiative (RSI) aimed at providing accommodation for people 'sleeping rough'. In this connection it aims to increase the supply of short-term accommodation for homeless people and minimise the use of emergency bed and breakfast accommodation.

Around Brighton

Housing is more affordable in the seaside towns along the coast from Brighton. While data are not available for individual towns, the average price for a flat or maisonette in July to September 2003 was £111,885 in East Sussex, £122,164 in West Sussex and £154,205 in Brighton (Land Registry data). However, train links between coastal towns are relatively poor, and parking restrictions in central Brighton make car commuting difficult.

2.6 The planning context

The draft RPG9 contains an annual housing requirement for the South East Region of 43,000 dwellings per annum until 2006. Of these, 2,290 are to be in East Sussex. The Brighton and Hove Housing Needs Survey (2000) estimated that over 15,000 households were living in unsuitable accommodation, the vast majority (86%) of which could not afford to resolve their housing problems in the market. The survey indicated that 15,730 additional affordable dwellings would be required by 2005 to meet current and projected need.

Brighton and Hove defines affordable housing in its Local Plan (2001) as 'residential accommodation that is provided with a subsidy to ensure that rents/prices remain at a level that is genuinely affordable to local people whose income means that they are unable to meet their housing needs through the housing market' (p106). Examples of affordable housing given include housing association housing and property managed by a Registered Social Landlord.

In practice, affordable housing in Brighton and Hove has, with some exceptions, taken the form of subsidised rented housing. According to the Local Plan (2001), low-cost home ownership (e.g., shared ownership) is beyond the reach of many households. However, it says that 'such initiatives may have a part to play in helping some households (e.g. key workers) get on the housing ladder' (p106).

The South East England Regional Assembly (SEERA), in its 2002 Regional Monitoring Report, said that in 1999-2000 only 15% of additional homes provided in the South East fell within the regional definition of affordable. The East Sussex structure plan area proposes to provide fewer affordable dwellings than the South East average.

Brighton & Hove City Council follows government guidance in implementing its affordable housing policy. Planning permission for proposals for residential development comprising 10 dwellings or more, on sites that have not been identified for housing prior to submission of a planning application, will only be permitted where at least 40% of the total number of dwellings are 'affordable'. This policy applies to all residential development proposals, including conversions and changes of use.

Lowering thresholds

Government guidance, as set out in Circular 6/98, says an affordable housing element should only be sought on windfall sites where the proposed development is for 25 units or more. However, the Local Plan (2001) showed that Brighton and Hove had comparatively few windfall sites that could accommodate 25 units. The first deposit draft version of the Plan therefore adopted a minimum threshold of 10 units. The Council's 2001 Urban Capacity Study revealed that the supply of large potential housing sites was restricted by the dense development in the city. Even windfall sites of 10 units or more are scarce, and are unlikely to yield enough affordable housing to address housing need. The policy has therefore been extended, and the council will seek a minimum of 25% affordable housing on residential proposals of less than 10 units.

Additional barriers to development of affordable housing include the lack of a large council-owned land bank with which to enable housing association development, and rising land values that are pricing housing associations out of the market. Providers of subsidised housing can often afford to build only one-bedroom flats, although there is an acute need for three-bedroom houses and accommodation suitable for larger families.

Increasing densities

To make full and effective use of the land available, the Local Plan (2001) says that residential development may be allowed at higher densities than in the surrounding area, provided that the proposal exhibits high standards of design, includes a mix of dwelling types which reflect local needs, is well served by public transport and respects the capacity of the local area to accommodate additional dwellings. However, people are already living at high densities in many parts of Brighton and Hove, and in some areas additional high-density housing would place an undue burden on local services and community facilities.

Better use of the existing stock

Maximising the use of existing stock can allow more households to live in existing built-up areas. Brighton and Hove has approximately 2,600 empty properties in the private sector (HIP, 2002). Some 10% of all private sector homes are unfit, compared to a national average of 7%. Repairing these homes and using the vacant stock could make an important contribution to meeting housing needs and help ease the pressure on the limited number of sites available for development.

The Council's Private Sector Housing Strategy aims to promote and improve the condition of housing. One element of this, the Empty Properties Strategy has since 1993 brought over 2,000 properties back into use in Brighton and Hove. The Strategy also actively promotes the re-use of vacant accommodation above commercial premises.

Problems in nearby towns

According to RPG9, the larger Sussex Coastal towns contain significant pockets of deprivation and unemployment associated with the decline of the traditional tourist industry as well as the mismatch between the pool of labour and available jobs. They are also characterised by poor-quality older housing, low educational attainment, high youth unemployment and rising juvenile crime. Funding programmes have targeted certain areas in Brighton and Hove, and the South East Regional Housing Strategy 2004/05 – 2005/06 and RPG9 both identified the Sussex Coast and Towns as one of six priority areas in the South East for regeneration.

Current developments

Plans for regenerating the 15-acre old goods-yard site, the biggest brownfield site in the city centre, have now been submitted by the New England Consortium. The £100 million mixed-use scheme, one of the biggest proposed in the city for years, would transform the underused Railtrack-owned site. The consortium proposes to develop the area as an urban neighbourhood, incorporating a mix of uses to ensure that streets remain active throughout the day, with sufficient activity to sustain a range of commercial uses and to encourage walking rather driving. The development would include 355 new homes ranging from apartments and 'warehouse flats' to town houses, a third of which would be social housing.

In July 2003, the council selected Karis/ING as preferred developer for the large seafront King Alfred site. Their proposal for the brownfield site includes a sports complex and 435 flats in four towers with underground parking. Of the flats, 175 will be affordable (for shared ownership, key

workers or for rent). Karis/ING will now work up their proposal in detail before making a planning application.

The third major potential development is the Black Rock site. Proposals include an Olympic-size public ice rink plus a 7,500-seat, multi-purpose arena, which could stage ice-skating events and other events, injecting an annual estimated £7.7m into the local economy. A low-rise residential block of 64 units, 40% of which would be affordable, was included in the proposals.

If and when these large developments are completed, they will provide up to 317 additional affordable homes, mainly for social rented and directed at priority needs. This will meet only a small percentage of existing need for social housing. The total market-housing provision in all three schemes is 537 units, few of which are likely to be affordable to the low-paid. The developments will thus have little effect on the wider affordability problem in the area, which seems set to persist into the foreseeable future.

Section 3: What are the effects of the housing crisis?

3.1 Introduction

This section draws on interviews with Brighton employers and workers, together with previous research, to illustrate the effects of the shortage of housing on the recruitment and retention of staff in the city. These are felt not only in the public sector, but also in dynamic parts of the private sector whose relatively fragile growth could be adversely affected by a lack of suitable staff, and even in well-established firms who may be driven to move their operations away from Brighton because of housing costs.

Although it is difficult to estimate the overall scale of the problem, there is evidence of staff shortages and high vacancy rates in the Brighton and Hove area, particularly in the public sector. The teacher vacancy rate in 2002, for example, was 1.4%, slightly higher than in all England (1.2%).

Table 14 Vacancy numbers and rates in maintained nursery, primary, secondary and special schools by LEA and government office region. January 1996-2002

	Number vacant						**Vacancy rate (%)**			
	1997	1998	1999	2000	2001	2002	1999	2000	2001	2002
England	2015	2592	2529	2910	4976	4535	0.7	0.8	1.4	1.2
Brighton and Hove		13	4	11	17	21	0.3	0.8	1.1	1.4

Source: Department of Education and Skills, 2002

The health service for Brighton falls within the health authority of Surrey and Sussex. Vacancy rates are higher here than nationally, with an average vacancy rate in the health authority of 4.5% compared to 3.45% for England. This vacancy rate rises to 19.23% for accident and emergency staff, and 13.87% for operating theatre staff (table 15.

Table 15: Department of Health Vacancies Survey, 3 month vacancy rates, March 2003

	England	**Surrey and Sussex SHA**	**Difference between local and national figures**
Accident & emergency medicine	8.16%	19.23%	11.07%
Psychiatry group	11.27%	17.36%	6.09%
Operating theatre staff	3.6%	13.8%	10.16%
Diagnostic Radiographers	6.1%	11.2%	5.11%
Pathology group	5.49%	7.71%	2.22%
Paediatrics	3.2%	7.6%	4.45%
Midwives	3.1%	7.2%	4.02%
Dietetics	3.4%	6.8%	3.38%
Healthcare Assistants	2.3%	6.7%	4.45%
Support staff	1.7%	5.0%	3.34%
Other qualified pharmacy staff	2.6%	4.9%	2.27%
Health Visitors	2.3%	4.5%	2.18%
Other qualified scientific, therapeutic & technical staff	1.6%	4.3%	2.61%
Average	3.45%	4.50%	1.05%

Source: Department of Health, 2003

These official figures may show only the tip of the iceberg, as many employers use coping strategies that effectively mask the scale of the problem.

Other reports have concluded that such staffing problems are caused by a combination of housing and labour-market factors, including a shortage of suitable affordable housing, pay and hours, working conditions and stress. The Llewelyn-Davies/ELSE report (2003) estimated that 50% of key worker shortages in London could be associated with a lack of suitable affordable housing.

The problem affects

- quality of staff
- service delivery
- costs and competitiveness in the local economy.

Taking each in turn:

Quality of staff

There is evidence that a shortage of key workers leads to recruitment of lower quality employees. This was demonstrated at national level by Nichell and Quintin (2002), who examined three groups of public-sector workers – teachers, nurses and civil servants; security services such as the police; and manual workers such as postal and railway workers. Looking at general and mathematical tests taken at ages 11 and 16, the authors compared the results obtained by those entering work in the early 1970s with those entering in the 1990s. The study showed clear evidence that the quality of recruits to these public-sector jobs had fallen relative to entrants in other types of work

There is evidence that some public-sector employers in Brighton are making increased use of agency and temporary staff, who may have fewer qualifications than those in permanent posts, or even none at all. There is also increasing recruitment of foreign staff. Some do not speak fluent English, which may have implications for their work.

Another cost arises in relation to high staff turnover. This means that the workforce becomes increasingly inexperienced. There is a shortage of senior staff to train new recruits. High turnover is destabilising, leading to low morale and uncertainty, which is not conducive to high quality services.

Service delivery

Quality of staff and service delivery are clearly linked. Poorer-quality staff will give a worse service. Shortage of staff can also affect service delivery, as shown by survey evidence from London. Asked about the impact of staff shortages in their professions, nurses said patients were at risk from lower standards and poor continuity of care; nurses were stressed and overstretched; individual workloads increased, causing further stress and sickness; and agency staff were less effective than permanent staff. Teachers emphasised the lack of continuity, which led to pupils becoming increasingly disruptive; increased workloads and poorer quality teaching; and ultimately falling educational standards. Bus drivers said there were fewer buses available, and

more running late; they had increased individual workloads and this led to stressed drivers and passengers.

Local costs and competitiveness

High vacancy rates and staff turnover increase costs for employers,particularly for agency staff and recruitment. These costs can be very high. For example, expenditure on non-NHS nursing staff in England (almost all on agency nurses) was £432,914,315, in 2003, accounting for 5.5% of all expenditure on nurses. Although there are no figures for Brighton, London health authorities spent 14.5% of their nursing expenditure on non-NHS staff—accounting for almost half such expenditure in England. The National Association of Head Teachers estimates that the average London school is spending as much as £100,000 to £200,000 a year on agency teachers. While housing pressures in Brighton are less than in parts of London, the position is likely to be much worse than the national average.

High turnover affects not only costs, but the operation of an entire organisation. As the workforce becomes increasingly inexperienced, there is a shortage of senior staff to train new recruits. High turnover can destabilise a workforce, leading to low morale and uncertainty.

Private-sector employers also feel the effects of Brighton's high housing costs. Call centres, for example, rely on large numbers of relatively low-paid workers. However, if housing costs put a floor under local wages, employers may decide to relocate operations to lower-cost areas within the UK or even abroad. Many private enterprises are similarly mobile. While there will always be hospitals and schools in Brighton to serve the local population, few private firms are similarly tied to the area. There is already evidence that one major employer has relocated some of its operations to India, using its Brighton-based staff to train them.

Smaller firms may not have such options but are more vulnerable to local competitive pressures. Many are increasingly relying on agency workers, freelancers and the use of short-term contracts. However, there is evidence that existing skills are continually being replaced by graduates from the two universities, 40% of whom remain in the city after graduation. In addition, smaller firms benefit from the shared use of larger scale capital resources that are beyond the reach of a single small firm, such as Wired Sussex, which is part funded by the government and provides an electronic database of firms, jobs bulletin board, training seminars, arranging visits by venture capitalists and organising social and promotional events. These aspects all contribute to the continuing vitality of the new media sector which is currently perhaps more dependent on public sector funding than initially appears.

3.2 Why is it so bad now?

The issue of housing affordability is not new, although it was last a serious problem in the South East about 15 years ago. Worries abated during the recession of the early 1990s, which led to steep downturns in both the housing and the labour markets. House-price data show clear cycles. Prices generally peak first in London (more precisely, in central London), with peaks in outer London and the rest of the South East occurring somewhat later. There are signs that the central London housing market may have peaked already.

Evidence from other studies clearly suggests that labour shortages are also cyclical, although time series data do not go back long enough for direct comparisons to be made. Vacancies of both

nurses and teachers peaked in 1989, fell sharply during the 1990s recession, and remained low until 1995. They then started to move up again but still have not reached the 1989 peak. If these vacancy rates are compared with house prices, the peaks clearly coincide (Llewellyn Davies/ELSE, 2003).

From the point of view of policy, it is important to determine whether affordability and staff shortages are fundamentally cyclical problems. If so, they might be managed by a combination of short-term measures in the peak periods and planning during the next downturn to prevent the problems arising so severely in future. If not, they may reflect structural imperfections that need to be identified and addressed.

3.3 Structural changes

Whilst both labour markets and housing markets are cyclical, several long-term trends mean that key worker shortages will probably remain important in the South East and London. These are:

- The competitive strength of the market sector of the economy;
- An inelastic supply of space (for both employment and housing) in the area; and
- Constraints on the ability of public services to react to cost increases in the way that the private sector can.

Private sector employers can often meet pay increases by raising prices or increasing productivity. Alternatively, they can simply eliminate the need for pay increases by moving routine aspects of their business to cheaper locations—for example, American Express, a major local employer, is already relocating jobs to India where labour is cheap.

The problem for the public sector has been exacerbated by several structural changes in the economy:

- Labour market de-regulation during the 1980s led to a wider gap between earnings in the South East and the rest of the country, and between high-paid private sector professionals and others;

- Constraints on public sector expenditure kept earnings in the public sector below trends in the private sector;

- Financial de-regulation and increasing internationalisation has increased the volatility of the economy and this has intensified the cyclical nature of house prices in the South East; while

- A combination of Right to Buy and cuts in local authority housing construction made key workers and other low-paid employees more dependent on the private rented sector.

These structural changes have long-term implications for the key worker problem. Measures to address the cyclical aspects alone are therefore unlikely to succeed.

Housing market pressures

The balance between the numbers of households and dwellings in the South East has worsened, partly because of increased in-migration and partly because of a fall in the amount of new house building. Recent estimates of future household numbers in the South East, made using the 1996-based population projections, suggest that in the region as a whole the number of households will increase by 26% between 1996 and 2021, while the increase in East Sussex is expected to be 29%. The increase is partly a result of people living longer, divorce and separation, but also increased migration both from abroad and from the North and Midlands.

This increase in households produces a requirement for over 60,000 additional dwellings a year in the South East region (including the Eastern region), of which up to 20,000 are likely to be needed in the social sector (or private rented sector with Housing Benefit). Projections of dwelling requirements for counties and unitary authorities are not currently available. However, at current building rates, even the targets set out in Regional Planning Guidance are not being met. The Barker Commission's Interim Report states that in the South East, average annual completions (1996-2001) have totalled 23,680, while the RPG target is 28,000 new dwellings a year (p.51). This shortfall is accumulating over time, producing pressures in the housing market. It is also contributing to a rising backlog of housing need and pushing up house prices.

In structural terms, it appears that in the South East, including Brighton and Hove, house prices and housing costs are out of line with those in the rest of the country. Higher incomes do not fully compensate for this. The differential is partly a result of the current phase of the economic cycle, but it also reflects underlying structural trends. House prices nationally have been rising considerably faster than inflation over the past thirty years, and faster than other advanced countries, affecting the UK's competitive position.

3.4 Lifecycle issues and job changes

Evidence from our own research in Brighton and Hove suggests that young people find Brighton a very attractive place to live. The 'trendiness factor' means there is high demand, which pushes up prices and rents. Yet when asked why they did not move further away from the city to meet their housing needs, respondents replied that they might as well leave the area completely, even return to France or Italy, rather than commute long distances just to work in Brighton. What they wanted was to live and work in the city, but because their wages were relatively low, they had to live in shared rented accommodation. Respondents in their 30s said they were living a student lifestyle at an age when most people could expect to have their own place, rented if not owned with a mortgage. Yet the only way they thought they could live independently was to move out of the area altogether, changing both home and job.

Of course, high housing costs are not the only reason people leave their jobs. Research has shown that other factors can include high job-related stress, potential earnings in alternative jobs, and other aspects of the cost of living. However, surveys in London showed that 91% of nurses and teachers agreed that high housing costs were forcing people to leave the area or leave the profession. As discussed above, recruitment and retention problems (themselves partly caused by high housing costs) can contribute to job stress because work must be done by fewer staff and because high turnover leads to an increasingly inexperienced workforce. Potential earnings in other jobs is a cyclical factor – during recession, as we have seen, vacancy and turnover levels fall. High house prices and housing costs also lead to other cost of living factors because they

reduce the amount of income left to spend on things other than housing. High housing costs are closely related to several of the key reasons for leaving a job.

Summary

Housing costs are much higher in the South East than the rest of the country which makes it difficult for households to enter the local housing market and in particular to achieve their aspirations to become home owners.

The evidence from surveys shows that people are being forced to live further away from their work, often in areas where public transport is inadequate.

Increasing pressures of recruitment and retention are related to housing costs both directly and indirectly because high housing costs reduce the overall standard of living. However, other factors are also leading to recruitment and retention difficulties, such as relative wages and costs of living in other parts of the country.

The traditional social sector is increasingly housing only households who are not employed. Even so it is unable to house all those in need. Homelessness is rising, as is bed and breakfast accommodation. At the same time there is very little subsidised housing available to those in full time employment who cannot afford reasonable housing locally.

Evidence on housing supply suggests that it is not keeping pace with demand and thus cannot be made more affordable to lower income employed households.

The problem can be categorised as follows:

- Young university leavers who are staying on in Brighton because they like the lifestyle and the location. They live in the centre anyway, in the private rented sector, in shared households. They are either passing through or else eventually change into a different category.

- Young mothers who if they wish to access better housing, have to obtain access to flexible transport to accommodate their unsocial working hours. If this is available they can afford to live outside the city.

- Upmarket people such as the new media entrepreneurs who also can afford to live elsewhere but contribute to unsustainable commuting, congestion and parking problems.

- Those with two incomes – but there are many single people in Brighton.

The previous generation of lower paid employed people was in council housing. The current generation is not. While many of them are happy to become owner occupiers, they will have to live further out.

Section 4: What could be done?

4.1 There are no easy solutions

To determine what can most effectively be done it is first worth sorting out what cannot be changed. If there were easy solutions they would have already been implemented.

In particular:

It is impossible to build enough houses in the Brighton area to reduce prices, especially in the affordable end of the market, unless the economy worsens– and no-one wants that to happen.

People want more space and higher quality, and many will be able to afford it, so very positive and flexible approaches are needed to keep real occupation densities high.

Many of those who want to work in Brighton will have to live elsewhere. They can do so more easily if transport planning and public transport are improved.

There is no free lunch and few win-win situations: affordable homes require funding, and the only obvious source of that funding at the moment is land values. However, constraining supply in order to generate a larger surplus on fewer units is not the answer.

The private sector will do what it is asked to do – but only if it can see a profit. That is true of developers, financial institutions and employers. So partnerships and incentives must be realistic—interactions work best if both parties receive some benefit. Some employers, in particular, may be prepared to provide land in exchange for nominations.

Employer-provided financial assistance for housing has limited value because it is taxed– and anyway only increases demand. Policies to increase demand should be very carefully targeted to help workers who are core to Brighton's long-term viability. Broader demand subsidies will only increase prices.

Developing completely new ideas is not likely to be the way forward. The solution is to make existing schemes more responsive to local requirements. This is true of initiatives such as shared ownership and shared equity, as well as of financial arrangements– e.g., permitting groups of individuals to buy, or lending on work/live space.

4.2 What could be done by local government

Local government already has powers that could be used more effectively.

Address planning and land issues

The council is already increasing densities and encouraging a tenure mix. It could take this approach a step further, requiring all new developments to be mixed-use and include an element of housing. Some could be affordable and of this, some could be off-site but linked to the project.

Market housing should include smaller (cheaper) units, and rental units, for which there is always a demand.

Other measures could include securing s106 land transfer at existing use value (although in many cases such transfer is already secured for free or at negligible cost) and creating a local housing land trust to assemble land for housing over the long term. In addition, land 'swaps' can preserve community amenity (and counter NIMBY attitudes to development).

The local authority could relax restrictions on change of use to allow developers to assemble sites currently in multiple ownership for redevelopment. Some low-density uses (e.g. retail sheds or supermarkets) could be redeveloped, retaining the existing use but adding housing on upper floors.

Use the existing stock more effectively

The council is already trying to deal with vacant units, unfit property and difficult-to-let property. It has a Living over the Shop programme, under which the building's owner grants a long lease to a housing association for accommodation over the shop. The scheme has proved attractive in other cities as well, because it provides owners with a completely secure long-term investment, whilst relieving them of the costs of maintaining and insuring the space. Those cities that have had most success with LOTS have hired specialists to deal with national retailers at property-director level, rather than negotiating with individual shop managers.

LOTS-type schemes, however, require much support and management. In some areas of Brighton, where shops are economically marginal, it may be preferable to replace them entirely with housing.

Provide information and publicity

The government's Task Force on Home Ownership, established in February 2003, identified three main barriers to home ownership: the affordability gap, the savings gap and the information gap. Information is crucial and needs to be shared. Sharing information about people's aspirations and needs could produce better outcomes. Individuals also need information on what is available locally. There is a role for local authorities to provide a database of local affordable housing opportunities. Housing costs should be made more transparent so that people can make better-informed choices and avoid the situation where they cannot sustain their mortgage in the longer term.

One way of improving the situation, the Task Force concluded, was to provide better information and advice to allow individuals make the best decision to meet their needs and circumstances. All borrowers should receive clear information at an early stage about the risks associated with home ownership and the role of mortgage insurance. The Task Force suggests that this requirement should become an integral part of the Financial Services Authority's new regulatory framework for mortgages. However, this will take time. In the meantime, the Economic Partnership could develop a cutting-edge information and advice programme for Brighton.

More information should be available to buyers about the various low-cost home ownership schemes, including different forms of shared ownership and shared equity. Who is eligible for each scheme, and what are the purchase costs and on-going costs such as maintenance and major works? These schemes are very complex and the Partnership could provide a pathway through

the maze, so that people can decide on – and access – the best form of ownership for them. The programme might include, as the Task Force suggests, a dedicated website for the 'sustainable home ownership programme'. This website, providing information and advice, could be regularly updated in light of policy and regulatory changes nationally and in Brighton itself.

Promote shared ownership schemes

In shared ownership schemes, the buyer purchases part of the equity in a dwelling and pays rent on the remainder, which is normally owned by a housing association. This allows the buyer to enter owner occupation even if he or she cannot afford to buy 100% of the unit. In some schemes buyers can buy further percentages of the property as their income rises. There are many possible variations, including discounted home ownership, shared ownership, shared equity, discounted renting and cost renting. Some variants require more subsidy than others.. Light-subsidy options such as cost renting (i.e. not-for-profit renting by housing associations) meet an identified need in high demand areas. Cost renting could balance the private rented sector by acting as a valve in high pressure areas and not forcing people into home ownership too early. Models which provide public subsidy for shorter time periods are complex and contentious, but they can give support when the housing market demands it and remove it when the market is more affordable.

The local council could promote such schemes more heavily, and particularly, encourage housing associations and lenders to consider a wider range of options especially when they become involved in new development or conversions and renovations.

Improve transport

Property prices and rents are much lower in some neighbouring areas, but transport can be problematic. Several interviewees commented that extension of the controlled parking area in central Brighton had caused problems for workers who live in areas not well served by public transport. A park-and-ride scheme might alleviate these. Oxford's Park & Ride scheme was so successful that Cambridge copied it. Cambridge now has four Park & Ride sites, which are well used and considered a success. The council could make provision for Park & Ride at the edge of the Brighton and Hove area. Members of the Economic Partnership could provide land for parking on their existing out-of-town development sites.

The nature of the road network surrounding Brighton, and congestion at peak times, mean that it would be difficult to expand the radius for commuter-bus services. The bus from Eastbourne, for example, which is 24 miles away, takes 90 minutes. The Hastings train station is being redeveloped and new trains and better services introduced, but even so the journey to Brighton takes over an hour (about 45 minutes from Eastbourne). If trail services along the coast could be further improved, employees would have a wider pool of accessible accommodation.

Employers were in favour of improving transport. One hotel owner said that in his opinion there was no affordable housing problem in Brighton—"it's created by transport policy." If there were frequent, reliable public transport from lower-cost areas, and it ran early in the morning and late at night, then people such as hotel workers could live somewhere they could afford. But the lack of such transport "forces them to live in the city. People can't drive in—they don't allow cars—and there's no buses as an alternative, so staff are constantly taxied back and forth, which is ridiculous."

4.3 What could be done by employers

This section draws on findings from other studies and ideas from other countries, and on interviews with local employers in Brighton & Hove.

Demand-side solutions:

Help employees with house purchase

Employers could help their employees access owner occupation by providing dedicated financial assistance, such as forgivable loans for down-payments or reduced-rate mortgages. Such assistance is already provided by some financial-services firms, and is common in many parts of the USA.

In the USA, affordable housing is a major problem in certain areas, particularly on the coasts. This affects companies' ability to recruit and retain good quality staff. To address this Fannie Mae, the US federal housing-finance provider, has introduced "Employer-Assisted Housing" programmes. The most common EAH benefits are grants, forgivable loans, deferred or repayable loans, matched savings, interest rate buy-downs, shared appreciation, and home buyer information packs. An EAH plan can be easily customised to meet the unique needs and circumstances of an employer's overall recruitment, retention, benefits, and community strategies.

Thorough an EAH programme, an employer can help its workers overcome at least one of the three primary obstacles to homeownership: financing the deposit, meeting associated costs such as taxes and fees, and finding information about the homebuying process. The employer generally provides a loan which covers part of the deposit or the closing costs, or a permanently reduced interest rate on the employee's first mortgage.

Often EAH programmes feature forgivable loans. This is one that the borrower need not repay if certain conditions are met. For example, an employer might lend the employee £5,000, which would be written off after five years if the employee remained in service. An employee who left before five years would have to repay the proportion of the loan corresponding to the remaining years. Some companies require employees to buy homes within a certain distance of the office, on the premise that employees living locally are less likely to change jobs.

According to Fannie Mae, the costs to firms of providing and administering EAH plans are minimized or offset by the savings accrued from reductions in turnover,recruitment/relocation and training budgets, and from higher productivity and morale. Some EAH programmes have also been designed to stimulate local regeneration. Employers may offer larger loans to those who buy in deprived areas, and some state governments provide tax incentives to employers or matching grants to employees who do so.

It should be noted, however, that without any increase in housing supply this approach would only fuel house-price increases.

Brighton employers expressed interest in the idea, with some reservations. Many observed that it could be a good way of promoting staff loyalty. But the manager of the local operation of a large corporation said, "We'd really have to consider that in the context of the parent company—it would need group approval. In a unionised company like ours that would be seized upon; it's not

something we could just do locally." The owner of a small business said, "I feel that employers who are large enough to viably offer this are in a great position. Currently, it costs me an enormous amount of money in taxes just to have employees." A hotel owner said tax relief "would make a big difference" to the attractiveness of this option. "Benefits in kind are all taxed, so they're unattractive to everybody. There are stiff penalties at the moment—the Inland Revenue look to see if you've helped a member of staff, and if you have they charge you for having done so for the last six years. But with tax breaks, that means everybody starts giving that kind of help, which defeats the purpose. On the other hand, if you narrow (eligibility) right down then you can make it too narrow. For example, you could limit eligibility to those earning less than £15,000 a year. But the general manager of one of the big hotels makes £50,000, and even on that kind of money it's hard to buy a property in Brighton."

Logica UK – Home purchase plan

Logica, which has offices nationwide, operates a home purchase plan for employees. It provides two options for employees facing difficulty entering the local housing market: a scheme for first-time buyers (the Mortgage Deposit Scheme); and a scheme for existing home owners looking to move house. The employee opts out of the company pension scheme for a maximum of two years. During this time, the company and employee each contribute 8% (taxable) of the employee's basic annual salary into a savings fund which is invested. The employee can then use that for a deposit or towards the costs of moving house.

Pavilion Housing Association

Pavilion Housing Association is working with employers in Guildford and Farnborough on shared-equity schemes to provide key worker accommodation for rent. The Association will purchase a property on the open market, with the employer taking an equity share in exchange for nomination rights. Rents are charged at a level sufficient to service the Association's share of the debt.

Take the lead in shared-ownership schemes

Shared ownership schemes have traditionally been promoted by local housing authorities and housing associations. However, there is no reason why employers themselves should not take the lead in developing shared-ownership schemes that would meet the needs of their key workers. Employers could consider entering into shared-equity arrangements with housing associations to provide accommodation for key staff. This could provide either shared-ownership housing for employees, or subsidised rented accommodation.

Employers could make bids for funding to assist employees into home ownership, in partnership with housing associations and local authorities, under the Government's Starter Home Initiative and the Housing Corporation's Challenge Fund.

Mole Valley – Self-help shared ownership
Mole Valley District Council is launching a shared-ownership scheme, known as 'self help shared ownership', in which there is no housing association involvement. A model form of agreement is being prepared that can be used between employers and employees. The agreement will be based on an equity charge rather than traditional shared ownership, so the occupying employee is the sole owner, but the employer has an equity charge linked to a proportion of the value of the property.

Those Brighton employers expressing interest in this idea were generally larger organistions that are tied to the area—universities and hotels, for example. One university official said, "We'd be most interested in a scheme where we did loans in terms of buying equity in houses—say, if the employee buys a £150,000 house, we give them £50,000, and they don't have to pay it back until the house is sold. But then we get it back with interest. You see, a subsidy of say £500/month towards an employee's housing costs is just gone—with shared equity you get it back."

Smaller firms and 'footloose' companies judged this a poor business proposition. The manager of one corporation's Brighton offices said, "I think my organisation would struggle with this, if I'm honest. I think it would feel that strategically it doesn't want to be in this area—it would probably decide to migrate the jobs overseas or to lower-cost areas of the UK." A spokesman for smaller companies said, "Our employers would consider that it is not part of their remit to provide housing. They wouldn't look at it—they'd just walk away. If they had a serious problem they'd just move the business—leave Brighton. They'd rather go to where the labour is located than relocate the labour to an expensive place like Brighton."

Supply-side solutions:

If employers were prepared to assist in the supply of new housing this should be encouraged. Such help could include part-funding new Registered Social Landlord housing in return for nomination rights, and/or providing housing for their own employees. Our interviews showed, however, that employers are less keen on supply-side assistance.

Provide housing directly

A number of sectors of the economy have in recent years provided direct staff accommodation to address their recruitment and retention problems. This is particularly common in the hotel and leisure industries, where a combination of low wages and unsociable hours makes living off-site difficult. In the past it has been common in the public sector, particularly in the health service, for similar reasons.

Bournewood NHS Trust, Chertsey, Surrey
The Trust used to have its own stock, but most was sold recently to two housing associations. The houses, which are spread across the Trust's area, are still reserved for Trust employees, and rents are set by a panel which includes representatives from the Trust and the housing associations, together with tenants and staff. Rents are 'well below' market levels but cover costs.

Copthorne Efiingham Park Hotel, Crawley
The hotel recruits from the north of England, Ireland and the rest of Europe, and these employees often require staff housing. This consists of single or double rooms with shared bathrooms. Rents in 2001 were around £30 to £50 per week (compared to £150 per week in the private sector).

Lythe Hill Hotel, Haslemere
The hotel is currently recruiting from Canada and South Africa and in the past has recruited from Europe. These employees are offered accommodation in a staff block which currently houses 26 out of a total of 60 staff.

Many Brighton employers—particularly hotels and pubs--already do provide housing on a small scale. It is often short-term shared accommodation, unsuitable for families. Asked whether they could or would want to provide more accommodation, most other Brighton employers demurred. "We don't have the skills to do that. We've been concentrating more and more on our core skills; where something isn't part of our core business we tend to outsource it," said the manager of one large office. "No—it's not really our area of expertise," said another.

Finance affordable housing

Employers could help finance construction of new affordable housing units in exchange for the right to nominate their employees to live in some of them. This could obviate some of the problems of direct employer provision, as well as providing benefits to the community at large.

Norfolk Country Cottages
This company has formed a partnership with the Rural Housing Trust (RHT), for which it funds the post of Rural Housing Facilitator for Norfolk. The facilitator works with local communities to demonstrate where there is a need for affordable housing and to develop schemes for rental or shared ownership affordable homes.

Again, the employers most interested in this idea were those that could not move their operations out of Brighton.

Make land available

New affordable housing requires suitable land for development. Private employers own much of the potential development land in Brighton and Hove. If the land were sold at the full market price, housing associations probably could not make a viable case for development. Landowners can be wary of making a poor sale and losing a long-term asset. However, some businesses view their well-being as directly related to that of local economy and local people. Providing land for affordable housing schemes can enhance a company's reputation for good practice and sustainability. If the affordable housing provided on the land were linked to the needs of existing employees, this could be a way of addressing retention and recruitment problems.

Bells of Lazonby
In 2002, the owners of Bells of Lazonby, a large baker in Penrith, were becoming increasingly concerned about the high cost of local housing for employees. They were very keen to keep the business in the village. The bakery operated 24 hours a day, and the company used its own transport to bring workers in from surrounding areas. The Bells owned a parcel of land with planning permission for five houses. A survey of the bakery's employees identified a need for local affordable housing and a preference for shared ownership over rental accommodation. The firm approached Eden Housing Association to see if it would be interested in developing the land. Eden was interested but could not afford to buy the land at commercial rates for shared ownership. Mr Bell agreed to accept a lower price to ensure the project's viability.

Maximising use of parking spaces/providing transport

Many employees interviewed in the course of our research said they relied on free car parking at their place of employment, particularly since the expansion of the controlled-parking area in central Brighton. Those without access to parking said they had no choice but to live in expensive areas close to work, because only those areas had good public transport access.

Employers could address the problem by maximising the number of employees who can make use of existing workplace parking spaces (by, say, giving car sharers preferential access), and/or by helping employees with transportation to more affordable outlying areas. Season-ticket loans are a common form of transport assistance. However, public transport does not provide good, reliable access to all parts of Brighton and Hove and neighbouring areas. Shift workers may need to travel when public transport does not run.

Larger employers could fund or operate transport for their employees, which might allow them to live in lower-cost areas from which access is currently difficult. For example, Cambridge University operates buses that stop at Park & Ride lots and a range of locations in the city. These are free to employees; non-employees have to pay.

There are other measures that can help with transport to work. Employers could work with the council to ensure that routes from bus stops or rail stations are pedestrian friendly—for example, by ensuring that walkways within and around the worksite are direct, well lit and well signposted, with easy crossing of major roads. Employers could provide interest-free loans for cycle purchase. Employees are more likely to cycle to a workplace with secure cycle-parking facilities in a well lit, supervised, covered location, as well as changing and shower facilities. Businesses can work with the council to improve links between their site and the local cycle network, encourage regular cyclists to help novices, and set up a workplace Bicycle User Group (BUG).

4.4 What could be done by lenders

Many mainstream lenders are already providing more flexible mortgages. It is becoming easier for more than two persons to purchase jointly – indeed there is now a dedicated website (FirstRungNow.com) offering legal and practical advice. Buyers can now purchase a house with the intention of renting out part of it; some lenders will take account of this rental stream when

calculating mortgage eligibility. These innovations could be extended or promoted specifically to help people get onto the housing ladder, and could be linked to employers – e.g., for key workers in the health and education sectors. Again, however, widespread use of such devices will tend to increase house prices if there is no increase in supply.

4.5 What could be done by central government

There are some areas that can only be addressed by central government:

Key workers

The current official definition of key workers includes health workers, teachers, police, probation and prison officers, and some categories of local authority employees such as social workers and planners. It does not encompass many of the low-paid employees vital to Brighton's economy (e.g. hotel and restaurant workers) or indeed private sector employees who work for the public sector. The partnership could lobby government to allow local definitions of key workers.

Financial issues

- ?? Raising the threshold for stamp duty to reduce the up-front cost of house purchase.
- ?? Instituting a more tenure-neutral form of support for people on low incomes.

Unless housing supply were also increased, these measures would only serve to push up house prices further.

Planning and land issues

- ?? Allow local authorities to secure s106 housing on commercial sites where new employment will increase the need for affordable housing.
- ?? Enable compulsory purchase of land at existing use value.

4.5 An Agenda for the Future

A long list of possible policies might therefore include:

Lobby government:

- ✍✍to ensure they do not upset the negotiating capacity of local authorities;
- ✍✍to support local authorities in requiring developers to provide more affordable housing on mixed and non-residential sites;
- ✍✍to make new initiatives more available to places like Brighton;
- ✍✍to ensure the proposals for assistance to developers work for Brighton;
- ✍✍possibly to allow employer pension contributions to be used by key workers for housing for a period;
- ✍✍to clarify the meaning of best consideration in the context of affordable housing and the sale of public assets
- ✍✍to allow local definition of key workers.

Support regional and sub-regional planning and development:

- to improve transport links between Brighton and cheaper locations along the coast;
- to build partnerships across the sub-region to increase affordable housing provision – including building outside the city with city funding and using s106 agreements;
- to link housing and economic development plans across the sub-region more effectively .

The local authority might:

- facilitate change of use and smaller innovative developments– especially to bring low-density obsolete sites back into valuable mixed use;
- restructure existing housing assets to increase densities with higher quality housing and mixed use;
- rethink the regulation of private renting to work with good landlords to improve the quality of provision e.g. by voluntary registration;
- develop park-and-ride schemes – they work in similar cities;
- improve information and administration of low-cost ownership schemes;
- enable a high profile demonstration scheme bringing together fragmented ownership to increase the overall value of the site.

Employers could:

- think pro-actively about bringing back into the workforce people who already live in the area;
- improve the use of flexible hours to allow people to use public transport more easily;
- help develop park-and-ride facilities;
- make loans and/or pension savings available for employees to spend on housing; loans can be forgiven for those who remain in employment as a means of retention;
- where possible make land available for construction of affordable housing, in exchange for allocations;
- think about developing employer-led shared ownership and shared equity schemes with the help of developers
- link with private landlords and provide rent guarantees for low-waged employees.

RSLs need to:

- work more effectively with employers to develop new low-cost home ownership schemes;
- plan across the sub-region to facilitate employment-related mobility;
- work with planners and developers to assemble and develop mixed use and mixed tenure sites within the city.

Financial institutions might look more proactively at

- schemes which help individuals to buy as groups in a more structured fashion;
- schemes to help mortgagors fund live/work and self-build developments;
- helping employers develop shared ownership schemes.

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