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Reframing the Economic & Social Impacts of Housing Interventions & Investments

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Overview

1. The political case for housing investment and effective interventions
2. Making a rigorous economic case when public resources are scarce and competitive
3. Evidence: identifying and measuring economic and social impacts of housing programmes
4. CaCHE's ongoing research agenda in this area



Politics, Housing and Scarce Public Resources

- Two stories about government approaches to spending priorities:
 - prioritization, ideology and the tools
 - finance depts v substantive fields
- Governmental Economic analysis has to be politically situated:
- But it also has to be up to the job. Is economic analysis on behalf of housing adequate?



The Orthodox Case

- Lessons for housing:
 - appraisal is used cf AHP but imperfectly
 - economic impact assessment also politicised
 - evaluation is the poor relative [cf USA federal programmes]
 - growing interest in monetizing wellbeing and other social impacts
 - limited use or approval of cashable savings or avoided cost approaches



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CCHPR 2010 review Scot Govt

- Construction industry multipliers (2004) are relatively large and a fiscal stimulus to housing can retain private jobs and skills capacity
- Causality is complex – housing investment does not of itself greatly reduce crime but investments to reduce poverty and unemployment do cut crime and protect existing housing investments; similarly it is difficult to independently account for poor housing's impact on health outcomes
- Economic prospects are not improved by merely living in a mixed community, housing renewal alone is not enough to secure regeneration

Foden et al (2015) Impact of NI social housing organisations (12-13)

1. £536m of expenditure by social housing organisations went into the NI economy, which in turn generated £615m in the supply chain. i.e. the total economic output supported by social housing organisations was £1,152m (£1.15 billion).
2. The GVA produced directly by social housing organisations was £246 million. Social housing organisations supported a further £214 million of GVA: i.e. a total of £460 million GVA was created for the NI economy by the activities of social housing organisations: 1.4% of total GVA.
3. Social housing directly employed 4,796 FTE jobs in Northern Ireland. In turn, their activities supported a further 10,640 FTEs: i.e. 15,436 NI FTE jobs were associated with the activities of social housing organisations.

Australian economic & social impacts

- Nygaard/Swinburne 2019 assessment of economic and social impacts of social housing investment
- Strong quantitative and preventative dimension
- Monetized analysis of social impacts through social value bank wellbeing valuation methodology (cf HACT in UK)

“it is, however, critical to evaluate the causal relationship between housing circumstances and costs and each of the social and individual indicators. Evidence on causality and incidence is more limited...and will require further research. It will also require additional data sources and/or evaluation specifically set up to identify efficacy of interventions/policies”.

Denham, T., Dodson, J. and Lawson, J. (2019) *The business case for social housing as infrastructure*, AHURI Final Report 312, Australian Housing and Urban Research Institute

- CBA and business cases often used for infrastructure decision making but often only *after* political commitment made
- Conceptualise housing as employment and productivity enhancing not welfare role in order to secure funding
- Social housing appraisals have too often failed to find persuadable valuations of social and more qualitative impacts
- Social housing appraisals lack consistency in variables deployed, range of outcomes or overall impacts cf transport investment
- The development of CBA for social housing is bedevilled by the valuation of 'intangibles' – lacks the consensus areas like transport enjoy over these critical variables

From Denham, et
al, 2018, p.3:

“There are alternate approaches to developing business cases for social housing. The ‘avoided cost’ approach to social housing business cases ... offers estimates of whole-of-government fiscal savings across portfolios other than housing, as a result of social housing provision, and thus avoids the issues of monetization of ‘intangible’ dimensions of housing that a CBA would typically seek to calculate. “

Evidence Lessons



Only partial and definitely incomplete but...



Lots of positive GVA stories but...



The tricky problem of accounting for cashed savings from preventative spend



The AHURI business case message



Can we build a convincing and persuadable monetized or cashable savings argument for social impacts?



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CaCHE Research Agenda

- Economic analysis of housing investments, their impacts
- SFHA project (with HACT)
- Two intervention effectiveness studies
- Devolved public finance and housing



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The UK Collaborative Centre for Housing Evidence is a consortium of ten universities and three non-academic partners, as follows: University of Glasgow, University of Sheffield, University of Reading, University of Cardiff, Heriot-Watt University, University of Bristol, Ulster University, University of Adelaide, Sheffield Hallam University, St Andrews University, Chartered Institute of Housing, Royal Institution of Chartered Surveyors, Royal Town Planning Institute.