

SOCIAL & AFFORDABLE HOUSING: MEASURING THE SOCIO-ECONOMIC IMPACT

Vol. 6 of the Series

'Housing in the post-2020 EU'



More than two years into the COVID-19 pandemic, it has become increasingly obvious that quality housing is an essential human necessity, inextricably linked to our health and well-being. Investment in social housing has also been clearly identified as key to a greener and more inclusive recovery of our economies in the post-pandemic (OECD, 2020).

Unfortunately, there has been a trend amongst EU countries to deprioritise social and affordable housing in favour of other forms¹ of public investment. This trend, however, is in direct contradiction of the numerous studies that have been carried out across Europe, which indicate that investment in social and affordable housing pays high socio-economic dividends and thus is an indispensable area to invest in.

There are a number of socio-economic benefits connected to social and affordable housing programs. Below, we'll look at some of these aspects drawing on recent examples emerging from research carried out in collaboration with public, social and cooperative housing providers across Housing Europe membership.





MORE INCLUSIVE GROWTH

Austria

Limited-profit housing (social housing) in Austria helps households save €1.3 billion per year through lower housing costs.

Scotland

Creating 4.1 jobs per house built and generating over £150 million of additional tax revenue.

Estonia

Tax revenue from renovation construction projects has been quantified to be 32–33 % of the total renovation project costs, making state-subsidised renovation has been budget neutral in the last 10 years.



FIGHTING POVERTY AND INEQUALITIES

Belgium

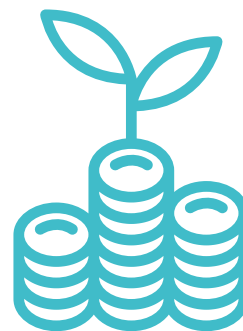
Access to social housing decreases the risk of poverty for resident households by 40%.



BETTER HEALTH OUTCOMES

All EU

The cost of removing housing inadequacy would be repaid within 18 months by projected savings, such as lower healthcare costs and better social outcomes.



INVESTMENT NOT EXPENDITURE

United Kingdom

Affordable housing supply results in millions of pounds in budgetary savings or prevention. Beneficiaries range from local authorities, justice, education, the NHS, the Department for Work and Pensions, to the economy, and banks.

GENERATING MORE INCLUSIVE AND SUSTAINABLE GROWTH

One immediate effect is the increase in the purchasing power of households, as they save on housing costs, granting them better access to other essential goods and services. This leads to higher private consumption, which in turn leads to greater tax revenues for the State. Apart from extra income, the public purse also saves money on housing allowances and is, therefore, able to invest in other important areas. This again helps to make a positive contribution to GDP.

A new study from the Austrian Institute of Economic Research (WIFO) estimated that limited-profit housing (social housing) in Austria helps households save €1.3 billion per year through lower housing costs. This has a significant impact on their purchasing power and is estimated to add between €600 million and €1 billion to Austria's GDP per year (Klien and Streicher, 2021).

Another positive impact of investing in social and affordable housing is to promote inclusive growth and provide large multiplier effects in the economy. The construction of social and affordable housing contributes to creating more jobs and more tax income, and thus a higher GDP. A study of the economic impacts of Berkley Homes in Great Britain suggested that housebuilding accounted for 1.5% of GDP and created 335,000 jobs in 2008. Additionally, it generated £22 billion (€27.7bn at 2008 exchange rates) of economic activity as every construction sector job produced a further 1.6 jobs in the rest of the economy (UK Collaborative Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT), 2020).

Meantime, research from Scotland suggested that based on 15,562 new houses built in 2014, £3.2 billion of Gross Value Added was brought into the Scottish economy and almost £1.35 billion of investment in land, homes, and supplies were generated.

Building also created about 63,000 direct, indirect, and induced full-time equivalent (FTE) jobs in total, equating to 4.1 jobs per house built and generating over £150 million of additional tax revenue (UK Collaborative Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT), 2020).

It should also be noted that it is not only the construction of new homes, but also the renovation and maintenance of existing social and affordable housing, that contributes to these macro-economic effects, creating extra jobs and tax revenues. Data related to the KredEx renovation grant programme in Estonia suggest that 17 jobs per 1 million euros of investment in renovation have been created directly and indirectly per year in Estonia. Tax revenue from renovation construction projects has been quantified to be 32–33 % of the total renovation project costs, suggesting that state subsidised renovation has been, in practical terms, budget neutral in the last 10 years (Kurnitski, 2021).



FIGHTING POVERTY AND INEQUALITIES

Social landlords and social housing have traditionally played a vital role in alleviating poverty, providing homes to households on low incomes at rates that they can better afford. This poverty reduction effect of course depends on the way social housing systems are designed in terms of allocation, rent settings, and the availability of housing benefits.

For instance, data for the Flemish Region in Belgium show that having access to social housing decreases the risk of poverty for resident households by 40%.

Furthermore, social public and cooperative housing providers increasingly go beyond 'bricks and mortar' to provide additional services including for instance financial advice, help accessing available types of support, training and employment opportunities. These non-landlord activities also contribute to empowering residents and reducing the risk of poverty.

Affordable housing also has the potential to tackle inequalities, for instance through its potential of reducing homelessness, which is a growing concern in many countries. Funding homelessness prevention such as social housing would cost considerably less than spending on all costs associated with managing homelessness ((UK Collaborative Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT), 2020).

Recent research in the UK also found that affordable and good quality housing directly reduces child poverty. Furthermore, children and teenagers can earn higher educational achievements as overcrowding and exposure to noise have been found to negatively affect educational outcomes and overall children's development (UK Collaborative Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT), 2020).



BETTER HEALTH OUTCOMES

Already a few years ago, Eurofound estimated that the annual total cost to the economies of the EU of leaving people living in inadequate housing was nearly €194 billion and that the cost of removing housing inadequacy would be repaid within 18 months by projected savings such as lower healthcare costs and better social outcomes (Eurofound, 2016).

This became even more clear in the context of the pandemic when several studies pointed at a significant correlation between for instance the rate of overcrowding and poor housing conditions and COVID-19 incidence and related mortality (Housing Europe, 2021).

WHY WE SHOULD TALK ABOUT INVESTMENT AND NOT EXPENDITURE?

By taking into account all of the aforementioned socio-economic values of social and affordable housing, positive spillovers or preventive spending can be resulted from such housing initiatives by offering public savings in the non-housing budget such as health care, justice, and social security.

The Hyde Group, an affordable housing provider in the United Kingdom, claimed that their stock is worth 401 million pounds in budgetary savings or prevention.

The beneficiaries of this range from local authorities, justice, education, the NHS, the Department for Work and Pensions, the economy, and banks (UK Collaborative Centre for Housing Evidence (CaCHE) and Housing Associations' Charitable Trust (HACT), 2020).

HOW IS IT MEASURED?

Several examples and resources for measuring the socio-economic added value of social and affordable housing providers exist internationally.⁹

Examples of measurement tools

The [Housing Association Charitable Trust \(HACT\) in the UK](#) has developed a 'Social Value Calculator' and subsequently Mental Health Social Value Calculator, Community Asset Transfer Social Value Calculator and Community-led Housing Social Value Calculator as resources for housing associations in the UK, to measure the social impact of their community investment. HACT also provides support and training for housing associations engaging with social value measurement (see <https://hact.org.uk/tools-and-services/uk-social-value-bank/>).

The Hyde Group, also in the UK, since 2018 regularly publishes data on [the value of a social housing tenancy basically comparing the outcomes of life with or without social housing](#). After identifying 8 core areas of services that create social value, it estimates benefits for individuals and communities/society from the point of view of the five pillars of wellbeing (financial, mental, physical, relational and purpose).

The reports and more information on the methodology are available at <https://www.hyde-housing.co.uk/value-to-society/>





In France, the association **Delphis** specialises on social innovation and CSR for the social housing sector. Over the years it has developed tools dedicated to measuring the impact of social housing companies on a given territory. Most recently the federation **Union Sociale pour l'Habitat** has launched a dedicated service together with Delphis named **AcTerr® Découverte** based on a set of 22 indicators designed to allow social housing providers to assess their positive impact at local level and to better explain and report to their public authorities counterparts about their added value.

For further information see <https://www.delphis-asso.org/qui-sommes-nous/lassociation-delphis> and <https://www.union-habitat.org/communiqués-presse/lancement-d-acterrr-decouverte>

Again in a French-speaking context, the example of the **Société d'Habitation du Québec (Canada)** is worth mentioning as one of the 'pioneers' in impact assessment within our sector. The public agency was able to estimate the value generated by its subsidies to 'community organisations' active in housing, both from an economic perspective (every Canadian dollar spent injected 2.3 dollars in the economy) as well as social, thanks to the impact in terms of poverty reduction. and inclusion of vulnerable groups. http://www.habitation.gouv.qc.ca/la_shq/retombees_des_activites_de_la_shq.html

In Denmark, the National Building Fund has developed a new tool 'Almen Potentialeberegner' (which could be translated as 'calculator of potential benefits'). The tool gives non-profit housing organizations and municipalities the opportunity to compare and calculate the urban development potential for the 198 largest non-profit housing areas in Denmark. The benefits are calculated by comparing the residents of the selected residential area with other population groups in five main areas: wage income, transfer income, health, crime and social expenditures. The benefit is calculated per resident or as an aggregate for all residents in the area, and the benefits are shown in relation to five stakeholders: residents, the municipality, other municipalities, the region and the state. The tool is available (in Danish) at: **Almen Potentialeberegner - Landsbyggefonden (lbf.dk)**

LINKING IMPACT MEASUREMENT WITH THE SUSTAINABLE DEVELOPMENT GOALS

The role of housing in reaching the Sustainable Development Goals (SDGs) has been highlighted by UN agencies such as UNECE and UN-Habitat, as well as Housing Europe (Housing Europe, 2017).

Interestingly, the practice of linking impact assessment to SDGs is catching on within our sector. For instance, a recent report on the social and environmental impact of the HLM sector in France (l'Union Sociale pour l'Habitat, 2019) presents a set of 41 indicators related to 7 'impact factors': developing housing offer, ensuring affordability, targeting beneficiaries, providing decent and adequate homes, ensuring good services, protecting the environment and contributing to quality neighbourhoods.



For each of them aggregate figures are presented for the whole social housing sector in France, and each is linked to one or more SDG.

The same approach is used for reporting on financing social housing in the Netherlands, where NWB Bank provides credit to the sector by issuing a dedicated SDG Housing Bond and publishes annually a dedicated report (NWB Bank, 2020).

CONCLUSIONS

As highlighted in the last edition of the State of Housing in Europe report (Housing Europe, 2021), it is about time policymakers started to rethink investment in housing, focusing on it in terms of the potential savings to the public purse deriving from better health and well-being outcomes, not to mention the positive impacts on economic competitiveness and social mobility.

However, with some exceptions, the lack of evidence and policy evaluation in the area of housing policy remains a persisting problem that needs to be overcome, as highlighted by the #Housing2030 initiative (UNECE and Housing Europe, 2021).¹⁴

At the same time, much work is needed to build capacity and scale up the uptake of existing methodologies to assess the positive impact our sector can have – both within the sector and in policymaking. Although the context and the diversity of (social) housing systems make a huge difference on the potential impact of our sector and the way it can be assessed, we hope this briefing will contribute to the debate and offer inspiring examples of how this can be done.



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OBSERVATORY

The Observatory is the research branch of Housing Europe, the European Federation of Public, Cooperative & Social Housing. Since 1988 it's a network of 45 national & regional federations gathering 43,000 housing providers in 25 countries. Together they manage over 25 million homes, about 11% of existing dwellings in Europe.

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