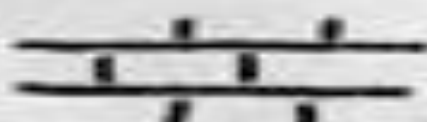


# **Laying the Foundations for Recovery: The Case for Investment in Social Housing**

**Michael Smyth  
School of Economics  
University of Ulster**

# **Some Alternative Perspectives on the Economic Crisis**



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*'Don't ask for a cash withdrawal'*

# MORTGAGES

QUICK, EASY  
REFUSAL IN  
MINUTES



# 1. Economic Context

- **Global financial crisis and its effects on the real economy....**
- **Anglo Saxon economies hit hardest....**
- **Excessive reliance on domestic and commercial property markets....**
- **Construction activity collapse in US, UK and Ireland;**
- **Irish economy over-reliant on tax revenues related to property markets;**
- **Banks not lending to house builders;**

## 2. Policy Responses

- Monetary policy loosened to its maximum:

- Interest rates  $\approx 0\%$

- Quantitative easing.....

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➤ **Huge injections of liquidity into financial systems.....**

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- **Fiscal policy loosened beyond normal:**

- **Bank bail-outs**

- **Government borrowing and sovereign debt issues.....**

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- **Scrappage schemes**

- **VAT reductions**

- **Capital investment accelerated.**

# **3. The Argument for Investment in Social Housing**

- Rise in unemployment in UK and Ireland – much of it construction-related;**
- Social housing investment one of the best mechanisms of reversing rise in unemployment;**
- Social housing has strong multiplier effects:**

- **Type I multipliers –**

- **Direct job creation, income generation and output in construction projects.**

- **Type II multipliers –**

- **Indirect and induced employment, income and output resulting from construction investment.**

- **Construction multipliers are in the range of 1.7 to 1.9, meaning that for every 100 jobs created in construction another 70 to 90 jobs are sustained elsewhere in the economy;**
- **Multipliers are even larger for construction activity related to refurbishments or retrofitting because of a higher labour intensity;**
- **Costs of construction falling rapidly in Ireland and UK;**

## **4. Non-Monetary Impacts of Social Housing**

- **Tackling homelessness;**
- **Social and environmental benefits:**
  - **Energy conservation**
  - **Neighbourhood renewal**
  - **Crime reduction**
  - **Enabler of other community developments.**

- **Promotes greater social cohesion;**
- **Tackles “affordability” – co-ownership etc.**
- **Meets *most* public policy priorities in *most* countries.**

<b>IMPACT ON:</b>	<b>SOCIAL</b>	<b>ECONOMIC</b>	<b>ENVIRONMENTAL</b>
<b>Health</b>	√	√	√
<b>Crime</b>	√	√	√
<b>Community Safety</b>	√		
<b>Equality</b>	√	√	
<b>Homelessness</b>	√		
<b>Human Rights</b>	√	√	√
<b>Lifetime Opportunities</b>	√	√	
<b>Rurality</b>	√	√	√
<b>Economic Impact</b>	√	√	√
<b>Regulation</b>	√	√	√
<b>State Aid</b>		√	
<b>Environmental</b>			√
<b>Strategic Environmental</b>			√

# Impact Assessment Table 1: Equal Weights

	<i>Weights</i>	<b>Social Housing score</b>	<b>Weighted score</b>	<b>Roads Programme score</b>	<b>Weighted score</b>	<b>Public Transport score</b>	<b>Weighted score</b>
<b>Homelessness</b>	25	10	250	1	25	1	25
<b>Community Confidence</b>	25	7	175	6	150	7	175
<b>Environmental Impact</b>	25	8	200	5	125	10	250
<b>New TSN</b>	25	9	225	5	125	7	175
<b>Totals</b>	<i>100</i>		<b>850</b>		<b>425</b>		<b>625</b>

**Score: 1 = small impact; 10 = large impact**

# Impact Assessment Table 2: Higher Weights to New TSN < Environment

	<i>Weights</i>	<b>Social Housing score</b>	<b>Weighted score</b>	<b>Roads Programme score</b>	<b>Weighted score</b>	<b>Public Transport score</b>	<b>Weighted score</b>
<b>Homelessness</b>	<i>15</i>	10	150	1	15	1	15
<b>Community Confidence</b>	<i>15</i>	7	105	6	90	7	105
<b>Environmental Impact</b>	<i>30</i>	8	240	5	150	10	300
<b>New TSN</b>	<i>40</i>	9	360	5	200	7	280
<b>Totals</b>	<i>100</i>		<b>855</b>		<b>455</b>		<b>700</b>

**Score: 1 = small impact; 10 = large impact**

# Impact Assessment Table 3: Higher Weights to Environment > New TSN

	<i>Weights</i>	<b>Social Housing score</b>	<b>Weighted score</b>	<b>Roads Programme score</b>	<b>Weighted score</b>	<b>Public Transport score</b>	<b>Weighted score</b>
<b>Homelessness</b>	<i>15</i>	10	150	1	15	1	15
<b>Community Confidence</b>	<i>15</i>	7	105	6	90	7	105
<b>Environmental Impact</b>	<i>40</i>	8	320	5	200	10	400
<b>New TSN</b>	<i>30</i>	9	270	5	150	7	210
	<i>100</i>		<b>845</b>		<b>455</b>		<b>730</b>

**Score: 1 = small impact; 10 = large impact**

# 5. Conclusions

- **Social housing has strong multiplier effects in terms of employment and has greater short-term impact on the labour market than other construction investments.**
- **This is due to a higher labour-intensity in house building activity.**
- **This is a good time to contemplate increased investment in social housing as the costs of building materials, land and labour have all fallen sharply over the past 12 months and are likely to remain soft.**

- **Social housing has strong non-monetary impacts on the economy and contributes more than some other types of capital investment programmes to the achievement of sustainable development.**
- **In a period of recession, social housing is an increasingly significant factor in addressing important societal issues such as homelessness, neighbourhood renewal, fuel poverty and energy efficiency.**
- **It can be highly influential in the delivery of greater social cohesion.**

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*'We think you're being  
over-optimistic'*