

THE VALUE OF HOUSING

Building a Stable Foundation: How Homes Drive Health, Opportunity, Prosperity and Equality

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Executive summary

Introduction

This report examines the ways in which housing can impact upon other areas of society and the economy. It provides an overview of the diverse interconnections between housing and broader social and economic systems and then discusses in more depth a selection of the key connections.

The report argues that it is essential to think about the interconnections between housing and other social and economic domains systemically. It might be necessary to consider the connections in different domains individually to tell a clearer story, but in practice they are intertwined. We need to recognise that the effects of good housing ripple out across domains in complex ways.

The report focuses on the effects that a well-functioning housing system can have across a broad range of policy domains. But relationships also run the other way: a diverse range of social and economic factors impact upon the way the housing system operates.

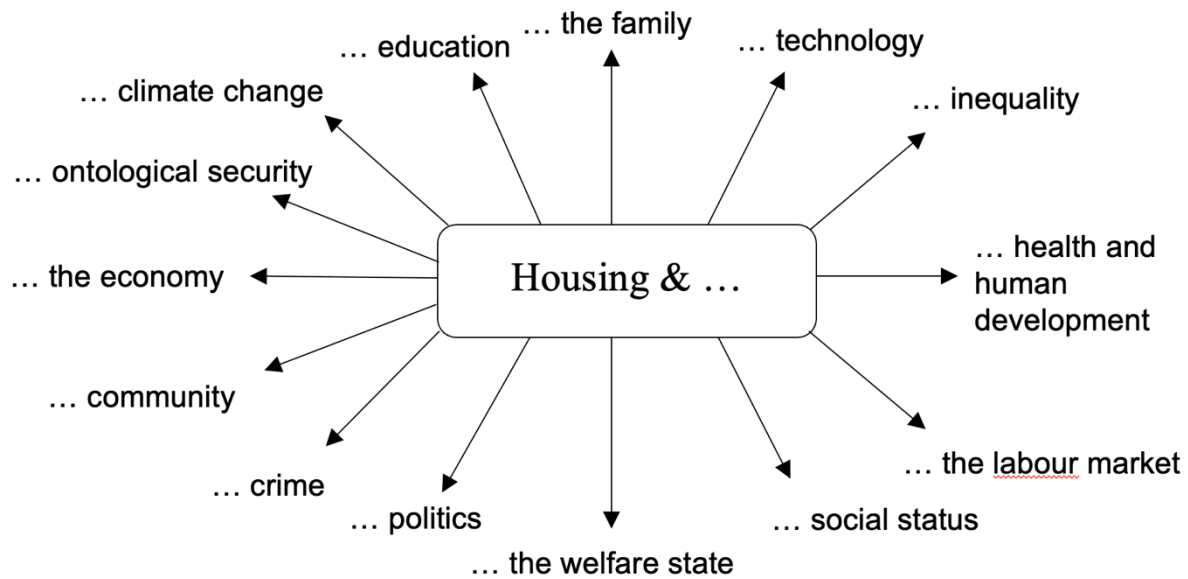
The report is based on desk research. It draws together contributions from across the academic disciplines to provide an overview of the difference that housing makes. It seeks to present a multi-faceted story, but it was based on a rapid evidence review rather than a fully systematic review. The report considers the difference that housing makes in principle or in theory, but the main focus is on the empirical evidence.

The difference housing makes

Housing is complex. In international policy discussions a prominent definition identifies seven dimensions that add up to “adequate” housing: security of tenure; affordability; habitability; availability of local services, facilities and infrastructure; accessibility; location; cultural adequacy.ⁱ Housing systems might therefore fail to provide acceptable housing in different ways: for example, housing might be of good standard (habitable), but be too expensive (lack affordability) or it might be well located but insecure. Or housing might fall below an acceptable standard on several dimensions at once – which means that people are facing badly located, poor quality housing that is both insecure and unaffordable. Housing may have a connection to other domains of society, but the aspect of housing that is influential in each of those other domains might differ.

If we think about connections between housing and other domains in society, we can identify a wide range of direct connections in theory. Figure 1 summarizes some of the more prominent aspects of society which have a connection to housing.

Figure 1: Connections between housing & ...



The following links are explored in more detail in the report: the relationship between housing and health; housing, the economy and the labour market; housing and personal finances, includes consideration of some key dimensions of inequality; housing, childhood wellbeing and education, which is underpinned by issues of health and human development.

Further connections to housing take many different forms. First, the question of 'ontological security', which refers to the way that people need something to offer them a sense of stability in their everyday lives in order for them to feel settled and rooted. Second, the role that housing plays in the welfare state: for example, (how) does the government help disadvantaged households secure somewhere to live? Third, housing and neighbourhood quality can play a role in signalling social status and social position. Fourth, the relationship between housing and politics is currently gathering more interest and the political consequences of housing are being taken more seriously. For example, recent research has examined the association between housing inequalities and the rise of political populism. Finally, housing is a contributor to climate change and improving housing quality can make a major contribution to achieving net zero.

Housing therefore has many direct connections with a wide range of other domains in society. It also has further indirect connections. This diversity of connections implies that changes in the housing system can potentially have many and varied effects. This can amplify the value of good quality housing and a well-functioning housing system. But researchers face methodological challenges in fully assessing these connections.

Housing and health

The idea that housing has an impact on health is widely held. Intuitively it makes sense that better quality housing generates better outcomes for both physical and mental health. Housing and the built environment are therefore widely viewed as important drivers of health outcomes and inequalities.

There is a weight of evidence for the association between housing and health outcomes, but there are outstanding questions. In particular, there are challenges in terms of determining causation: are we sure that health effects are being caused by housing and that we have the direction of causation right?

To have more confidence that the relationship between housing quality and health outcomes is causal requires further rigorous research and better data. There are fewer robust studies than would be desirable. Careful experiments or economic evaluations are relatively rare. We also need to be mindful of the scope for negative, as well as positive, impacts: for example, the way in which housing policy interventions can lead to gentrification which increases housing and spatial inequalities.

Nonetheless, the evidence connects - with differing degrees of confidence - poor housing conditions, and interventions to improve those conditions, with health outcomes in the ways that our theory suggests e.g. living in unstable housing has adverse outcomes for pregnant women, the impact of trip hazards, poor internal warmth, damp and mould. Better housing delivers improved health outcomes across a range of factors and appears to reduce GP visits and other healthcare costs.

Housing, economic growth, productivity and the labour market

The housing sector is a complex system—producing, maintaining, and exchanging dwellings that vary in size, location, neighbourhood context, and price or rent. These characteristics mean there are several causal mechanisms through which housing can affect economic growth, productivity, and labour market performance.

The evidence suggests that structural challenges—such as unaffordable prices and limited housing supply—contribute to market distortions, constrain access to employment, and reduce economic efficiency. These challenges also affect human capital formation – shaping the availability of a labour force with the necessary capabilities and skills – and thereby affecting productivity.

Despite growing awareness of these connections, housing policy has traditionally been framed with the focus on social welfare, rather than viewing housing as a driver of economic productivity.

The academic literature, particularly in the UK, remains limited in its capacity to provide robust, data-driven insights into how housing affects productivity outcomes. Much existing research is qualitative or focused on high-level macroeconomic indicators. There is less quantified causal analysis. This is partly due to the complexity of disentangling housing effects from other economic variables. This is compounded by a lack of consistent, longitudinal, and spatially detailed data and the limitations of traditional economic modelling approaches.

Nonetheless, overall, the existing evidence gives us clear pointers regarding the value of housing as essential economic infrastructure. Further study would allow us to elaborate and reinforce that case.

Housing and personal finances

A challenge in exploring housing and personal finances, as with the other topics considered, is that the relationships involved can be more complex than they might first appear. They can also be self-reinforcing. That is particularly the case for wealth accumulation: some households are better able than others to acquire housing assets, while those who already hold housing assets are better placed to acquire more.

Housing is vital to understanding personal finances. High housing costs relative to income mean that many households find themselves ‘overburdened’ and a substantial minority are

unable to achieve a minimum standard of income for non-housing spending. Inequalities in the housing cost burden between owners and renters are not simply a short-term problem but can shape long term trajectories. High housing costs also disrupt established housing pathways involving transitions into home ownership. In a context where owner occupied housing represents the key mechanism by which most households accumulate wealth, barriers to home ownership create major social cleavages. The evidence strongly suggests that housing wealth is concentrating and therefore giving rise to greater social inequality. This is in contrast to previous eras in which home ownership was expanding and could be viewed as a mechanism for wealth redistribution.

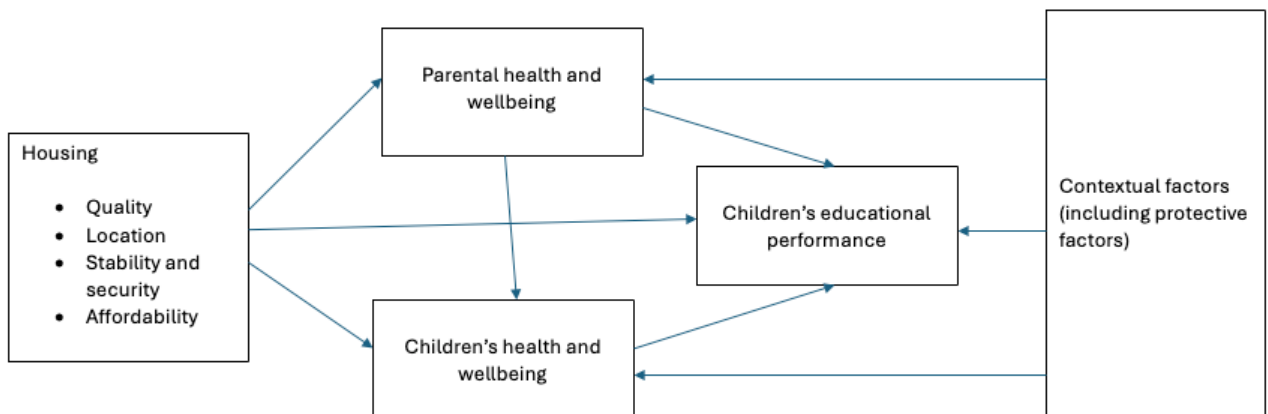
These processes suggest there is a case for rethinking how housing markets operate. For example, rather than the availability of mortgage finance being key, it could be important to focus more on wealth to understand housing market movements. We are also starting to understand that housing wealth inequalities have much broader implications, including fraying social solidarity and undermining the legitimacy of political institutions or policy platforms.

By implication, more affordable housing can have a positive social impact both in the short and the long term. The benefits of a housing system which does not experience near continuous house price inflation but rather is characterised by stable housing markets are also clear. Affordable housing increases the likelihood that households will achieve minimum income standards. More stable housing markets reduce the scope for accentuating and embedding social inequalities and increase the likelihood of social mobility.

Housing, childhood wellbeing and education

The analysis of the impacts of housing on children’s wellbeing and education is also complex. It can be hard to disentangle the effects of housing from the effects of other factors: most evidently, poor housing tends to be strongly associated with low incomes. We also need to think about which aspects of housing might have an impact on wellbeing. Housing is complex and multidimensional: different types of housing problems could have different implications for children’s wellbeing. Is the impact of poor-quality homes different from the impact of housing insecurity or lack of affordability?

Figure 2 Potential pathways by which housing affects children’s wellbeing and education



Housing can have an impact on children’s health and wellbeing through direct and indirect pathways. Figure 2 provides a simple illustration to capture potential pathways between

housing, education and wellbeing. Our focus is on the impact of housing upon wellbeing and education, but other contextual factors can also affect the outcomes we're interested in. The effect of these contextual factors could be negative or positive. So they could compound the effects of poor housing or protect against them.

While there are limitations to the available evidence, the research literature offers evidence that each of the dimensions of housing we consider – poor quality, tenure, stability and security, affordability - is associated with more negative outcomes for some aspects of children's wellbeing and education. Much of the attention, both in research terms and recent policy, has been directed at quality issues such as damp and mould and their impact on respiratory illness. The direct and indirect consequences of housing instability and insecurity for children's wellbeing and mental health may be less visible but should also be a key concern.

Repositioning housing in policymaking

If we think that good quality housing and a well-functioning housing system have important benefits for the broader social and economic system, and are therefore worth investing in, we need a policy system which recognizes this. Historically this type of cross-cutting preventive policymaking has proved difficult. We argue that if policymakers are convinced of the need for change, then there are examples of how this can be achieved.

Prevention is the idea that, instead of spending to address acute symptoms, spending upstream or on early intervention can be more effective over time because it is aimed at the root causes of a problem. If we have a degree of certainty regarding causes and effects, and the strengths of relationships, we can see spending on housing and improved housing outcomes as preventative, helping to reduce demand for other acute services.

While there are undoubtedly challenges in moving towards this type of more holistic approach to resource allocation, there are some positive innovations underway. We note that they are connected to the housing sector.

First, councils in Scotland, are trying to modernise their approaches to budgeting. One major urban council is developing a model where all budget spending and activities are allocated to one of three areas: prevention, early intervention or acute 'normal' services. There is an underlying commitment to increase the relative scale of the former two activities. Each council directorate will examine the relative shares of spend between the three headings and establish a plan to shift more resource into prevention and early intervention over time.

Second, the State of Victoria, Australia, has developed a multiyear preventative budget setting process which explicitly recognizes savings from successful prevention models so that spending departments get a non-trivial share of the savings accumulated. This model works by first requiring preventative spending proposals to model and quantify the improved outcomes their intervention is expected to achieve. If the proposal passes modelled net benefit threshold, it is allocated funds. The programme is then monitored to see the extent to which it achieves the expected outcomes. The State of Victoria has now several examples of success with this model. They argue it has been made possible by a cultural shift on the part of spending departments, as well as the incentive that comes from seeing positive results and opportunities.

1. Introduction

1.1 **Painting a picture of the value of housing**

Housing is central to all our lives. A good quality home can make a hugely positive difference, whereas poor quality housing – or the lack of housing - can have a range of serious negative consequences. Housing quality, accessibility and security not only have implications for individual households, but also affect a wide range of broader social and economic systems and processes.

These different effects have been widely discussed by researchers, but the focus is often on effects in a particular area, such as housing and health or housing and the labour market.

The aim of this report is to paint a richer picture of the value of housing. It does this by providing an overview of the diverse interconnections between housing and broader social and economic systems and by discussing in more depth a selection of the key connections.ⁱⁱ We argue that it is essential to think about the interconnections between housing and other domains systemically: it might be necessary to consider the connections in different domains individually in order to tell a clearer story, but in practice they are intertwined and causal processes are complex. We need to recognise that the effects of good housing ripple out across domains.

The focus of this report is upon the effects that a well-functioning housing system providing good quality housing can have across a broad range of policy domains. But relationships also run the other way: a diverse range of social and economic factors impact upon the way the housing system operates and the values and priorities that it embodies.

1.2 **Background**

In the face of the country's seemingly entrenched housing problems, a range of housing commentators - including our *Homes for All* report commissioned by the Church of England and the Nationwide Foundation - have recently argued the case for a long-term housing strategy for England.ⁱⁱⁱ

Any such strategy must be rooted in the idea that having sufficient good quality, affordable housing is valuable. But there are different ways we can think about its value. The *Homes for All* report set out three different foundations upon which a long-term housing strategy could be built. These different foundations can be considered either in isolation or in combination:

- 1) **A moral duty to ensure that all households have access to housing that is both affordable and acceptable in terms of standards.** This is desirable in itself. Such a duty might be grounded in one or more of a discourse of rights or justice, respect for human life and dignity, or a theological position.^{iv}
- 2) Access to affordable, acceptable housing is a **necessary condition for effectively achieving a broader range of wellbeing objectives**, such as allowing individuals to sustain life and health, facilitating child development, and allowing every person to achieve an acceptable standard of living and realise their potential.
- 3) Providing **access to affordable, acceptable housing facilitates a range of broader social objectives** such as maximising labour market participation, upskilling the workforce, facilitating social participation, generating fiscal savings, boosting the productive economy, or creating more sustainable communities and society.

In the *Homes for All* report we argued that a robust long-term strategy can and should draw on each of these three types of argument: “Affordable and acceptable housing is a matter of respecting dignity, a matter of achieving potential, and a matter of sustaining community”.^v

The first of these three foundations is not an argument about the broader effects of housing. It is a more philosophical argument. The second and third foundations are about the broader effects of good quality, affordable housing. They encourage us to think about the nature of the relations involved – by what mechanism(s) could housing have this broader effect? – and the status of the evidence base – what does the research evidence tell us about the nature and strength of the effects? These are topics addressed in this report.

1.3 Aim of this report

The main aim of this report is to provide an accessible account of the way in which housing can impact upon a broad range of other social and economic domains. We do this in two stages.

We first provide an overview of the diverse connections between housing and broader economy and society. We consider some of the complex interconnections between housing and other domains and the indirect as well as the direct effects that housing can have. Identifying the effects of good quality housing on other aspects of the economy and society is not a straightforward research task. Before we go on to consider the evidence on the effects in more detail we reflect upon the difficulties involved in identifying and isolating those effects.

We then discuss in more detail a selection of domains in which housing connects to another important area of the economy or society. The areas we examine are: health; economic growth, productivity and the labour market; personal finances; and childhood wellbeing and education. In each area we discuss the types of connections between housing and key phenomena within that area. We consider the available evidence on the nature and strength of the connections. While the evidence documenting some of these broader effects of housing is robust, that is not the case for all of them.

Finally, the report turns to the policy process. If we think that good quality housing and a well-functioning housing system have important benefits for the broader social and economic system, and are therefore worth investing in, we need a policy system which recognizes this. Historically this type of cross-cutting preventive policymaking has proved difficult. In our final section we reflect on the challenge of changing the way policymaking thinks about investment in housing so that we can achieve more of these benefits. We argue that if policymakers are convinced of the need for change, then there are examples of how this can be done.

The report is not primarily a policy evaluation (“what works in housing policy”) but there are points at which it reflects on what is possible through delivering affordable, stable and quality housing. It considers what the evidence can tell us about what the country misses out on by not delivering better housing.

The challenge in writing this report is to help the reader understand the broad range of the impacts that housing has - the ways in which housing influences many and various aspects of social and economic life - while at the same time getting into some depth about these impacts. Going into significant depth across the full range of impacts would, however, be an overwhelming task. We therefore provide a chapter that gives an overview of the breadth of

interconnections (section 2) and then address a selection of domains in more detail (section 3-6). We try to retain the sense of the broad influence of housing.

1.4 Method

The report is based on desk research. It draws together contributions from across the academic disciplines to provide an overview of the difference that housing makes. It seeks to present a comprehensive and multi-faceted story, but it was a short-term project: it is based on a rapid evidence review rather than a fully systematic review. While the report considers the difference that housing makes in principle or in theory, the focus is primarily on the empirical evidence.

2. The difference housing makes: an overview

In this section we address three topics. First, we consider the broad range of housing connections. Which aspects of the economy and society are affected by the housing system? Our aim is to illustrate the breadth and diversity of effects, although we make no claim to our analysis being comprehensive.

A few years ago Bowman and colleagues argued for a “housing theory of everything”: that it is possible to trace the diverse problems affecting our society back to a malfunctioning housing system.^{vi} While we would not necessarily claim that housing is at the root of all our problems, we agree that society faces problems which, at first glance, might appear to have relatively little to do with housing but which, on further analysis, indicate that the housing system plays an important role.

We provide a demonstration of this, as our second topic, when we consider the direct and indirect value of housing. Our aim is to give an illustration of the complex pathways through which housing can influence other important aspects of our society.

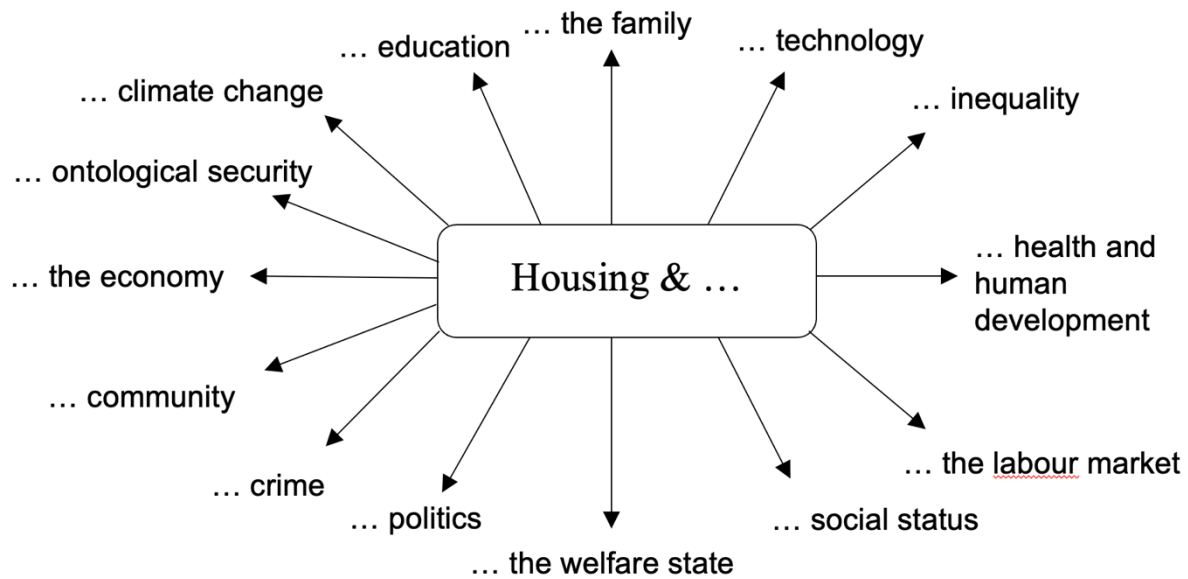
As our final topic we consider briefly some challenges that researchers must deal with when trying to assess the difference that housing makes. These challenges mean that, for example, while we might have good reasons for thinking that there is a relationship between housing and another aspect of society it can nonetheless be difficult to say with confidence how important or strong that relationship is.

2.1 Housing connections

Housing is complex. It has several dimensions which determine whether it is of an acceptable standard. In international policy discussions a prominent definition identifies seven dimensions that add up to “adequate” housing: security of tenure; affordability; habitability; availability of local services, facilities and infrastructure; accessibility; location; cultural adequacy.^{vii} Housing systems might fail to provide acceptable housing in different ways: housing might be of good standard (habitable), but be too expensive (lack affordability); it might be well located but insecure; or, of course, it might fall below an acceptable standard on several dimensions at once – which means that people are facing badly located, poor quality housing that is both insecure and unaffordable. Housing may have a connection to other domains of society, but the aspect of housing that is influential in each of those other domains might differ.

If we think about connections between housing and other domains in society we can identify a wide range of direct connections in theory. Figure 2.1 summarizes some of the more prominent aspects of society which have a connection to housing.

Figure 2.1: Connections between housing & ...



The relationship between housing and health will be explored further in section three. Housing, the economy and the labour market is the subject of section four. Section five includes consideration of some key dimensions of inequality, although there are many aspects of housing, inequality and exclusion that we do not explore in detail.^{viii} The final topic that we take a closer look at, in section six, is childhood wellbeing and education. In section six we touch on questions of human development, which is developing into much broader discussion focusing on the concept of capabilities. The key argument in this literature is that housing is important in allowing people to flourish and achieve a life well lived.^{ix} These discussions can be linked with the question of 'ontological security', which refers to the way that people need something to offer them a sense of stability in their everyday lives in order for them to feel settled and rooted; under certain conditions – for example when housing provides residents with sufficient tenure security - housing is able to fulfil this role.^x

There is a long-running cross-national discussion of the relationship between housing and the welfare state and the role that housing plays in the welfare state. This sits in the background of parts of our discussion of housing and personal finance in section five.^{xi} This can often be closely associated with questions of demography – for example, the availability of good quality, affordable housing in influencing the formation and size of families.^{xii} The welfare state's role in insuring households against the worst effects of poverty and ill-health also intersect with the role of housing in influencing inequality. Inequality is also a theme of the rapidly growing discussion around housing and technology. This encompasses the way in which technologies such as artificial intelligence and algorithms are being used to assess households to decide if they should have access to certain types of housing and also to the use of technology in the so-called "smart" home.^{xiii}

There is increasing interest in the idea of "home" as something that operates on different scales. Home is not simply about the property in which we live, but also the building in which it is located – for example, in a block of flats – and the broader community and neighbourhood environment. It is possible for residents to have different attachments and emotions about "home" at each of these scales.^{xiv} Residents' views on home might well be a function of design quality and design also features in debates over housing and crime or antisocial behaviour – for example, whether particular housing tenures, neighbourhood layouts or building designs might be more susceptible to criminal activity.^{xv} Issues of

housing and neighbourhood quality also give rise to questions about the role of housing in social status and social position. If housing and neighbourhood play a role in signalling social position then that can affect the demand for housing: people buy housing not just for its physical characteristics and local amenities but because it says something to the world about their status - for example, they can afford to live in the most desirable and exclusive neighbourhood. Markets for goods that act as signals of social status behave differently from markets for goods that are not.^{xvi}

The relationship between housing and politics has been acknowledged for a long time, but it is one that has recently been gathering more interest. The political consequences of housing are being taken more seriously. Researchers have been exploring whether there are associations between housing situations and voting patterns – whether owners and renters are more likely to support different political parties or differ in their support for specific policy proposals, such as proposals for redistributing resources. There has also been important research published recently on the association between housing inequalities and the rise of political populism: is increased housing inequality associated with greater support for populist policies?^{xvii}

Finally, the housing stock is a contributor to climate change.^{xviii} Overall, housing in Britain tends to be older and less energy efficient than in many other countries. Lack of adequate insulation and more polluting heating systems means that housing is a major source of carbon emissions. As a consequence, to meet targets such as recent governments' commitment to achieving net zero requires substantial commitment to replacing heating systems and retrofitting existing housing to make it more energy efficient and ensuring that construction regulations mean that new housing is of a high environmental standard. At the same time, we need to consider whether the existing housing stock is fit for purpose for a world subject to climate change, where excess heat can be as much of a problem as excess cold. We can also think more broadly about the contribution of housing to climate change when we think about broader questions of urban design and transportation: for example, do we design cities on the assumption that people will be using cars to get between their homes and various urban amenities or do we emphasize urban transit, localised amenities, and walkability.

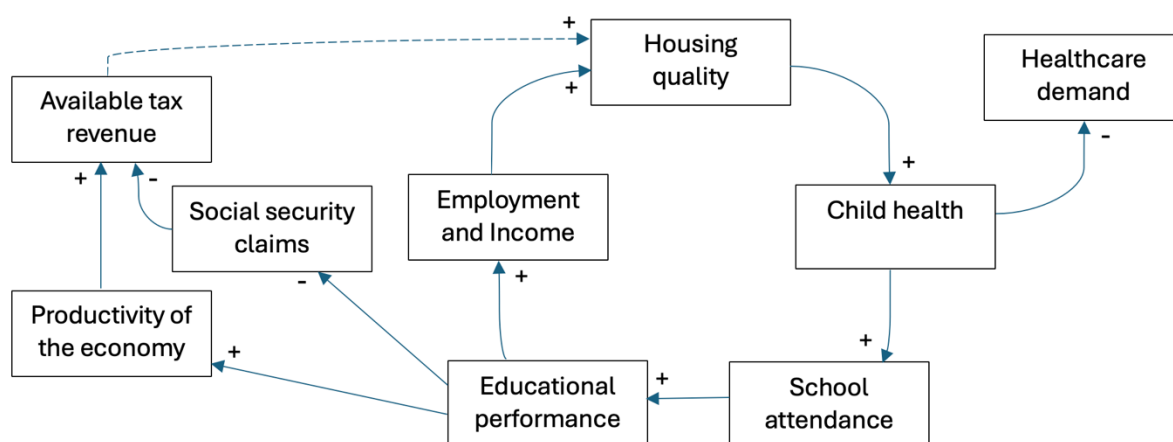
It can be seen, therefore, that housing has many connections with a wide range of other domains in society. And there are more than we have noted here. This diversity of connections implies that changes in the housing system can potentially have many and varied effects. This can amplify the value of housing.

2.2 Direct and indirect effects

In section 2.1 we identified direct connections between housing and other domains of society. But that does not exhaust the influence of housing on broader society because those other domains are themselves interconnected. Housing therefore has indirect influence as well.

Let's consider one chain of connections. Better quality housing has a direct effect on children's health by, for example, reducing respiratory infections caused by damp and mould. This is an important benefit in itself, and potentially reduces the demand on local healthcare systems. But improved child health also means reduced sickness absence from school and therefore it increases the possibility of better educational performance. Better educational performance improves employment and income prospects and can therefore not only open up possibilities for upward social mobility but also contribute to improved performance for the economy and, therefore, improved fiscal position for the government. Hence, better housing has indirect benefits both for the individual and society more broadly. We illustrate these connections in Figure 2.2.

Figure 2.2 An illustration of the direct and indirect effects of improved housing quality



Note: A + on an arrow means that when one variable increases so does the other eg. housing quality increase results in child health increase. A - on an arrow means the variables move in opposite directions eg. child health increases so healthcare demand decreases. A broken line indicates a potential relationship.

We need to pay more attention to these interrelationships and think about society more systemically – that is, as a system.^{xix} We need to recognise the ripple effects that good quality housing can have across and through other domains in society.

2.3 Identifying the difference that housing makes

While we might be confident that there is a relationship between housing and some other social domain, researchers can face difficulties in isolating this relationship and assessing its strength.

The first issue researchers face is that it can be possible to identify an association between two variables – for example, people tend to experience both poor housing and poor health – but it is more difficult to demonstrate that poor housing causes poor health. Identifying whether we are dealing with a causal relationship rather than simply an association requires a plausible theory – how does housing cause poor health? – as well as better data and more sophisticated analysis. This leaves plenty of room for debate.^{xx}

A second problem researchers face is that when housing quality varies between households other things also tend to vary with a similar pattern. So, for example, people who live in poorer housing tend to have lower incomes or have access to poorer quality amenities in their neighbourhood. The research challenge is to disentangle the independent effect of housing from other things: is it, for example, poor quality housing that is causing someone's ill health or their lack of income, which means they can't eat properly or heat their home adequately? Isolating the effects of these different variables typically requires large amounts of detailed data, and this is often not available to researchers. As a consequence, the single definitive study that settles a research question is very rare. Nonetheless, an accumulation of less-than-perfect studies that all point the same direction can lead to increased confidence that a relationship exists.

A third difficulty is that it can be easier to identify direct effects than indirect effects. The more that we think the effects of housing operate through indirect pathways, the harder it can be to identify those effects because other factors get in the way and obscure the connection. The longer the chain of connection between housing and the outcomes we are interested in, the harder the research task becomes.

A fourth issue is attributing size to the effects of housing. One aspect that is particularly relevant in policy contexts is the attempt to provide financial estimates of the value of housing. For example, if we spend £X million on improving housing then how much benefit – also measured in £s - do we receive? This type of thinking is used in policy processes to decide whether our £X million is better invested in improving housing or for some other purpose that will give us a larger benefit. The size of the benefit you get from investing in housing is therefore an important issue, but the method you use to calculate the size of the benefit can make a big difference to the answer you get. And there are a range of technical challenges in arriving at an estimate. Only a minority of research papers attempt to provide this type of quantified benefit. Much of the evidence is more qualitative. We return to these issues later, particularly in sections four and seven.

3. A closer look at impacts: housing and health

There is a widely held commitment to the idea that housing has an impact on health. Indeed, the origins of housing policy in the nineteenth century lie in trying to address public health hazards and health problems created by poor housing. It is intuitively plausible that better quality housing, and housing investment that improves standards, will generate better outcomes for both physical and mental health. Housing and the built environment are therefore viewed as structural drivers of health outcomes and health inequalities.

3.1 The relationship between housing and health

Poor housing can have impacts on health conditions like respiratory disease and asthma as a result of problems with damp, mould and poor-quality housing more broadly. In addition, overcrowding can contribute to public health problems through the transmission of infectious diseases, while excess heat and cold can result in higher mortality rates. Some of these physical characteristics of housing are associated with poorer mental health and wellbeing issues, but residents' mental wellbeing can also be affected by adverse housing outcomes relating to other dimensions of housing experience such as precarity, insecurity, and unaffordability.^{xxi} Homelessness can intensify these adverse outcomes, while being associated with additional health risks.

Baker and Bentley provide an overview of the research literature and argue that 'despite international agreement on the fundamental requirement of shelter to enable people to have productive and healthy lives, housing is not a simple lever that can be pulled to improve or protect people's health.'^{xxii} They go on to argue that 'the links between housing and health are clearly demonstrated—for people, for policy and for budgets. Societies and their governments make trade-offs everyday across policy priorities, but the health risk from housing is an "avoidable" ... choice.'^{xxiii}

Boyle and Husbands review various studies from Scotland and the UK showing the physical and mental health harms and excessive preventable costs to the NHS associated with homelessness, housing precarity and other housing related causes.^{xxiv} In a series of widely cited studies covering England, Wales and Northern Ireland, BRE have reported the high and preventable health costs of housing hazards for the NHS, particularly excess cold and trip risks.^{xxv} The English study found that these hazards generated a £1.4 billion annual cost to the NHS which is preventable and the housing investment necessary to remove them could be paid back, in terms of savings to the NHS, over a 7-8 year period.^{xxvi}

Marmot and colleagues have made a sustained argument for investing in housing quality and new supply to improve health outcomes including reducing the inequality of health outcomes.^{xxvii} They argue that '[g]ood housing is essential for health and health equity, as well as the sustainability of the NHS and national prosperity. And yet, the current system is not leading to sufficient affordable, good quality, accessible and sustainable housing and places, harming health and health equity.'^{xxviii}

3.2 Digging further into the relationship

To give one example of a robust recent study, Palacios et al used longitudinal data from 25,000 German households and controlled for the influence of individual, dwelling and temporal effects.^{xxix} Their results indicate that exposure to poor housing conditions led to self-reported worse physical and mental health as well as to more GP visits, increasing among older households. They found that where landlords paid for renovations there were significant improvements in all the health-related indicators.

While there is a weight of evidence in support for the association between housing and health outcomes, there are outstanding questions. In particular, there are challenges in terms of causal inference: are we sure that health effects are correctly attributed to housing and we have the direction of causation right? One concern is the possibility that the effects flow in the opposite direction: if poor health reduces labour market activity, and this means households can only access poorer housing, then the housing conditions are the outcome rather than the cause. A further process is that households in poor health can score more highly in local authority and housing association allocation schemes which leads to their over-representation in social housing and, potentially, to experiencing better housing outcomes than they would have been able to secure through the housing market.

In addition, there is an ever-present concern that the association between poor housing and poor health outcomes can be attributed to other factors that are missing or omitted because they are difficult to capture in the analysis.

Below, we look at systematic evidence reviews, syntheses and further specific studies that shed light on these relationships and tell us about the strength of the evidence and the balance of outcomes studied. The studies reviewed are a subset of the issues that could be examined. We focus on two related issues:

- Evidence regarding the relation between housing quality and health outcomes.
- Evidence regarding housing quality improvement interventions and their impact on health outcomes.

We briefly consider eight systematic reviews, which go from rapid synthesis to a full Cochrane review. Most of these reviews were published in the last decade, with the most recent appearing in 2024. Across all eight studies, the depth and range of papers analysed is extensive – six focus on academic peer-reviewed papers and two give more emphasis to the ‘grey’ literature. This discussion has been helped considerably by ongoing work to which one of the authors of this report (Gibb) is a contributor.^{xxx} We are grateful to Kathleen Boyd for allowing us to draw from the preliminary findings of that research.

3.3 Reviewing evidence on housing quality and health

Thomson and Thomas identify the underlying pathways by which housing interventions affect health outcomes and have socio-economic impacts.^{xxxii} They draw on the main findings of a Cochrane Review to do so.^{xxxiii} Thomson and Thomas conclude that the:

best available evidence indicates that housing which is an appropriate size for the householders and is affordable to heat is linked to improved health and may promote improved social relationships within and beyond the household. In addition, there is some suggestion that provision of adequate, affordable warmth may reduce absences from school or work. The key housing outcomes reported to be affected by housing improvement are living space and design; thermal comfort; housing costs; and attitudes to the home.^{xxxiii}

Thomson and colleagues considered how health outcomes were affected by housing improvements.^{xxxiv} They found different degrees of respiratory and mental health effects following warmth improvements. Housing-led neighbourhood regeneration also had several positive health outcomes. They concluded by stressing that for housing interventions to be impactful they need to be focused. They also argue that our conceptual and empirical understanding of socio-economic impacts of housing improvement need to be improved if we are to assess more fully health impacts over time.

Fenwick and colleagues conducted a systematic review of the health impacts of housing improvement policies, drawing on the earlier Thomson et al study, which is particularly interested in value for money assessments and economic evaluations of interventions.^{xxxv} Of the 45 studies included in the earlier review, 23 involved non-randomised controlled trials (RCTs), there were five RCTs, and 25 studies included costs data but no economic analysis; just four studies undertook economic analysis of their data.^{xxxvi} The paper concludes that housing investment has scope to enhance physical and mental health outcomes but economic evaluation and appropriate data collection are vital for comprehensive evaluations of housing improvement policies.^{xxxvii} Too often this opportunity is missed.

Buck and colleagues focus on social housing. They examine a wide range of evidence and conclude that decent housing provided by social landlords is critical to health outcomes.^{xxxviii} The authors identify five economic processes, based on case studies, which lead them to conclude that social housing investment should be supported to further enhance health outcomes. First, they found that housing associations develop safe, decent homes that improve wellbeing. Second, they observed that the evidence suggests that housing associations can help reduce the burden of ill health and treatment, thereby reducing NHS costs. Third, they concluded that social landlords can reduce the health and social care delivered to older households and others in need of care support. Fourth, they found that social providers can achieve a good level of cost-effectiveness in meeting health and care objectives. Finally, social landlords can demonstrate positive cost-benefit outcomes in terms of the value of health outcomes produced and savings to the NHS.

While the overall conclusions drawn by Buck and colleagues are supportive of the impact of good housing on health, they also note that 'there is no standard way to make the economic case for the contribution that housing makes to health. Those seeking a silver bullet will therefore be disappointed. The case studies show that the economic case, and the types of economic argument employed, can be made plausibly in many different ways, using different tools and sources of evidence.'^{xxxix}

McCartney and colleagues take as their focus the evidence regarding regeneration, health and health inequalities and undertake a rapid, structured review synthesis.^{xl} Having screened and critically appraised papers on quality grounds, 46 papers were included in their final analysis. The synthesis found, on the one hand, mixed evidence of typically small positive impacts on health outcomes and reduced health inequalities. On the other hand, it found some evidence of adverse impacts associated with mixed developments damaging existing social networks and leading to higher rents, as well as destabilisation and displacement of existing communities through gentrification.^{xli} The authors conclude that if accompanied by complementary labour market and housing policy reform then well designed and implemented housing-led improvements have the potential to enhance health outcomes and reduce inequalities.

In addition to broad reviews of the evidence on housing and health, more focused studies have been undertaken. DiTosto and colleagues present the results of a systematic online search for studies relating to housing instability (including homelessness) during pregnancy and adverse pregnancy outcomes.^{xlii} This generated 14 papers deemed to be in scope. These were all observational studies and the authors concluded that, while comparability was hampered by the absence of clear and consistent definitions of key terms across studies, a consistent relationship between unstable housing and undesirable pregnancy outcomes could nonetheless be observed.

Long and Collum present a rapid evidence synthesis of mainly evidence from the grey literature that tests the strength of the evidence base on a range of poor housing to adverse health outcomes and assesses the extent to which improving housing conditions

positively impacts on physical and mental health outcomes.^{xliii} The study distinguishes physical health impacts resulting from housing condition and design (e.g. indoor cold, age of property, hazards, poor lighting, indoor allergens, damp and mould) and other housing drivers of indirect but relevant mental health evidence (e.g. tenure-based precarity, overcrowding and resident behaviour).

Long and Collum review the evidence synthesis on each issue and categorise whether it should be treated with low, medium or high certainty.^{xliiv} They conclude that there is:

- Low to moderate certainty evidence that houses with damp, mould, inadequate warmth, and inadequate air quality affect various aspects of respiratory health and cardiovascular health. The same level of certainty applies to hazards leading to a greater number of falls at home.
- A wide variety of low to high certainty evidence that improving housing conditions by reducing dampness, eliminating mould, improving warmth and energy efficiency, and removing hazards, tends to improve health outcomes (e.g. respiratory, general physical health, as well as fewer falls).
- A less clear relationship between poor housing and mental health, though there is evidence (and only with low to moderate certainty) that housing precarity and overcrowding relate to poorer mental health.^{xliv}
- The most robust evidence relates to those interventions designed to address housing warmth, those that result in fewer falls, and those interventions that reduced damp and mould leading to improved asthma symptoms.

3.4 Conclusion

There are strong intuitions about the connection between housing and health. There is certainly evidence to support these intuitions, but it is varied and there are questions outstanding. This should not be surprising because it is challenging to isolate the effects of housing on health. As Boyd and colleagues argue, the search for causal confidence in the relationship between housing quality and health outcomes, especially for economic and impact evaluative evidence, requires further rigorous treatments and controlled experiments, rigorous systematic evidence review or robust longitudinal analysis of cohorts or panel data.^{xlvi} There are fewer robust studies, in which we can have higher levels of confidence, than would be desirable. Definitional inconsistencies can make synthesizing findings more difficult. Careful experiments or economic evaluations are relatively rare. We also need to be mindful of the scope for negative, as well as positive, impacts of housing policy interventions e.g. the way gentrification can increase housing and spatial inequalities.^{xlvii} This is arguably also true for physical and health impacts more widely.

Nonetheless, it remains the case that the evidence connects, with differing degrees of confidence, poor housing conditions and interventions to improve those conditions with health outcomes in the ways that are hypothesized e.g. adverse outcomes on pregnant women living in unstable housing, the impact of trip hazards, poor internal warmth, damp and mould. Better housing does deliver improved health outcomes across a range of factors and appears to reduce GP visits and other healthcare costs.

4. A closer look at impacts: Housing, economic growth, productivity and the labour market

The relationship between housing and economic growth is well established, although not always fully appreciated by economists.^{xlviii} The housing sector is a complex system—producing, maintaining, and exchanging dwellings that vary in size, location, neighbourhood context, and price or rent. These characteristics mean there are several causal mechanisms through which housing affects economic growth, productivity, and labour market performance. In this section we consider the links between housing and these three interrelated topics.

4.1 Analysing the relationship between housing and the economy

Dodson and colleagues argue that housing policy in many advanced economies lacks a coordinated national framework that links it explicitly to economic growth. Instead, housing continues to be treated primarily as a welfare issue.^{xlix} Governments often view housing investment as redistributive expenditure or displacement, with minimal consideration given to productivity or growth effects. Historically, where the role of housing in the economy has been considered it is framed in terms of its impact on levels of economic activity in the short-term, particularly through changes in the level of construction activity and its impact on related markets or broader economic activity,^l rather than in terms of the more fundamental influence housing has on the structure and performance of the economy.

Traditional models of economic growth typically focus on capital and labour inputs to explain productivity: the contribution of land-related inputs—including housing, connectivity, and infrastructure—is obscured, leading to inadequate recognition in both analysis and policy.

In recent years, this oversight has become increasingly problematic. Since 2010 rising homelessness, severe shortages of affordable housing, and historically high rents and prices relative to incomes have coincided with below-average productivity growth.^{li} In response, there have been calls for a more comprehensive view of the economic role of housing—recognising its impacts on labour markets and productivity in a manner consistent with other forms of infrastructure investment.^{lii} MacLennan suggests, in addition, that limits on our understanding of how housing systems function mean that the significance of housing supply for affordability, employment growth, and wealth inequality are yet to be fully appreciated.^{liii}

A dominant framework used to examine how housing outcomes influence key growth drivers is the general spatial equilibrium (GSE) model.^{liv} However, this approach has been criticised for oversimplifying housing market dynamics, especially in metropolitan areas.^{lv} The model assumes the housing market is highly flexible and ignores the institutional and spatial rigidities that characterise real-world housing markets.

To move beyond the traditional treatment of housing in economic models, this section focuses on evidence regarding mechanisms through which housing affects productivity and economic growth. These effects can be direct or indirect. It considers housing to be central to the development of business and human capital. The causal pathways we review include the physical characteristics of homes, their location relative to employment, neighbourhood spillover effects, and price-driven impacts on housing access and labour market dynamics.

4.2 Housing ‘mechanisms’ for the economy and labour market

At the macro-scale, Piketty drew attention to the ways in which housing markets may drive an economy over the long run.^{lvi} If the return on capital exceeds the rate of economic growth, then that leads to increased wealth concentration. Piketty argues that this is often the case. Increases in the value of housing assets disproportionately benefit property owners, exacerbating wealth inequality, particularly between generations (see section 5). This line of research recognises how housing sector outcomes may have critical effects on the long run growth path of national economic development. The allocation of investment can be distorted away from productive assets, with implications for the rate of productivity growth.

Early work on the implications of housing outcomes for the economy introduced the importance of assessing the cost-effectiveness and spatial implications of housing infrastructure investment.^{lvii} The absence of good data has tended to limit the availability of further studies of this type.

While there has recently been some opposition to the view that housing outcomes are strongly linked to city economic growth,^{lviii} Glaeser and Gottlieb provide an explicit assessment of the productivity consequences of housing.^{lix} This paper emphasises that the responsiveness of housing supply significantly influences whether a city's success manifests through population growth or increased incomes. In areas where housing supply responsiveness is low, economic growth often leads to higher housing prices rather than population increases, potentially limiting the benefits of locating close to each other – that is, the benefits of “agglomeration”.

A study of housing outcomes and drivers of productivity growth found that high housing costs and supply shortages reduced labour mobility, hindering workers from relocating closer to employment centres.^{lx} Poor housing also reduces worker efficiency, increases commuting time, and raises business costs. This study's qualitative assessment provides a conceptual framework supported by data on various productivity impacts. An Australian study further demonstrates a ‘tenure effect’ on productivity, because secure homeowners are happier and more productive than renters.^{lxi} Further, having ‘no address’ acts as an entry barrier to employment resulting in further productivity losses.^{lxii}

In addition, housing shortages, congestion and unaffordability of housing can lead to misallocation of labour and limit productivity gains by weakening the economies that arise from geographical proximity – so-called agglomeration economies - and innovation. This leads to skilled workers avoiding unaffordable cities and causes key labour shortages.^{lxiii}

Glaeser and Gyourko analyse how house prices influence growth and productivity. They argue that supply constraints and strict zoning laws increase house prices, which reduces affordability and results in the misallocation of labour – that is, workers are not where they need to be to access appropriate jobs. Their qualitative assessment suggests that these restrictions reduce economic efficiency because high nominal wages are offset by a higher cost of living.^{lxiv} Hsieh and Moretti provide an assessment of the size of these effects: they estimate that U.S. GDP could have been 36% higher in 2009 if housing supply constraints had been relaxed in major cities since 1964. Their study identifies a 3.7% decrease in aggregate productivity due to misallocated labour caused by restrictive zoning laws.^{lxv}

Concerns about housing affordability, inequality and instability therefore overlap with concerns that housing outcomes may hinder growth and productivity.

A recent research paper for The Reserve Bank of Australia investigates how housing supply constraints affect productivity and economic efficiency in Australia's major cities.^{lxvi} The shortage of affordable housing in high-demand urban areas is thought to hamper labour mobility, as workers are unable to relocate closer to employment centres. This misallocation

of labour resources leads to longer commutes, increased congestion, and reduced overall economic productivity. An earlier paper provides robust empirical evidence on how housing supply constraints significantly contribute to higher house prices in England, particularly in areas with strong demand, which in turn affects labour mobility and productivity: it concludes that ‘an increase in local regulatory constraints significantly reduces the supply responsiveness of housing and leads to higher house prices. This has important implications for the spatial allocation of labour and economic efficiency.’^{lxvii} High housing costs in productive regions (e.g., London and the South East) are a significant barrier to inward migration, where ‘people are less likely to move to high-wage areas if those areas also have high housing costs.’^{lxviii} Hence, inadequate housing supply and affordability issues reduce labour mobility.

Murphy argues that the UK’s dysfunctional land market—characterised by inflated land values and speculative development—undermines housing affordability and economic productivity. He concludes that high land costs constrain house building, limit labour mobility, and divert investment away from more productive economic uses. These dynamics contribute to regional inequality and inefficient allocation of resources.^{lxix}

In relation to affordable and social housing more specifically, Gibb et al. highlight social housing’s economic benefits, including increased output, increased tax revenue, and reduced welfare spending. Their qualitative summary links housing investment to higher human capital and productivity growth.^{lxx} A recent quantified model-based estimate illustrates how a stimulus to labour supply in the UK from investment in social housing (i.e. spending on up to 7,000 units of social rented housing per annum), has potential to raise GDP by 0.22% (£300.7 million) and increase employment by 0.18% (4,332 FTEs), due to multiplier effects in materials, services, and jobs.^{lxxi}

Recent research analysing worker productivity in London found that inadequate housing options increase commuting times and financial stress while reducing workforce efficiency.^{lxxii}

4.3 Labour markets and labour mobility

Considering further the impact of housing outcomes on labour market participation and mobility, early studies suggest how housing affordability limits economic participation. Housing can be linked to productivity via improved human capital, with access to affordable housing supporting labour market participation and educational attainment. Lupton and Tunstall, in their exploration of how poor housing conditions, particularly in social housing, impact employment and health, argue that substandard housing reduces job stability and participation.^{lxxiii}

Cheshire and colleagues analysed the impact of supply restrictions on regional growth, finding that rising prices and spatial disparities create economic inefficiencies. Their quantitative approach estimates substantial economic losses from labour misallocation.^{lxxiv} Housing affordability is a key barrier to economic adjustment: housing costs restrict inter-regional migration, creating labour mismatches and consequently reducing productivity.^{lxxv} More responsive housing supply improves regional economic resilience and labour market efficiency.

Capital cities can experience negative net internal migration, with households moving from high wage and high productivity locations with high house prices to live in other metropolitan areas with lower house prices and wage rates.^{lxxvi} By implication, very high housing costs can drive households out of high wage/high productivity locations and induce firms, as well as skilled labour, to move to places with lower productivity. Restricted

housing output is thus reducing overall productivity by inducing shifts in production capacity. Similarly, Ong and colleagues studied neighbourhood effects and noted that rising house prices create labour market mismatches and reduce labour market participation among older men.^{lxxvii}

Furthermore, Overman and Xu assess how unaffordable housing in productive cities prevents labour mobility, leading to regional disparities and inefficiencies. They examine disparities in wages and employment rates across local labour markets in Great Britain and find that high housing costs in economically productive areas, such as London, can offset the benefits of higher wages, thereby discouraging labour mobility.^{lxxviii} Further, a 2024 report commissioned by the Greater London Authority and partners investigated the relationship between housing affordability and economic productivity in the Greater London Area. The findings indicate that a 1% improvement in housing affordability correlates with a 0.14% increase in productivity, suggesting that enhancing housing affordability could significantly boost London's economy. The report utilized data from 142 local authorities between 2002 and 2021, employed econometric methods, and tried to address potential reverse causality between productivity and housing costs.^{lxxix}

More recent international studies have found that housing costs in California strongly influence labour force participation. The study by Balakrishnan and colleagues shows a 13-percentage point decline in participation due to high housing costs and related income transfers among part-time workers.^{lxxx} The housing market also has an impact on employment through transaction costs limiting job-seeking and reducing mobility: U.S. potential GDP has been estimated to be seven percent lower due to labour market inefficiencies in high-productivity cities.^{lxxxi} In Kazakhstan unaffordable housing has been found to deter rural-urban migration and worsens labour shortages.^{lxxxii} A 10% increase in affordability was associated with a 3–5% rise in local employment, with subsidised housing programs increasing labour force participation by 5%.

Rather than focus on assessing the impact of barriers, Maclennan and colleagues demonstrate how improved rental affordability and job accessibility in Sydney, New South Wales, positively affect labour productivity.^{lxxxiii} Their findings are based on computer modelling and show that bringing residents closer to jobs reduces travel times and improves income outcomes. Expanding affordable housing in labour-demanding regions should enhance productivity by enabling job-seeking migrants to relocate.^{lxxxiv} Access to affordable housing, including rental properties, is thus thought crucial for labour mobility.^{lxxxv}

4.4 Key messages from the review

A review of the evidence linking housing outcomes to productivity and labour market implications highlights diverse effects:

- **Housing Supply and Access:** High house prices, driven by land shortages, limit access to adequate housing.
- **Commuting and Congestion:** Lack of affordable urban housing increases commuting times and congestion, limiting access to diverse human capital.
- **Economic Behaviour:** Housing costs impact individual consumption, savings, investment, and capital asset use.
- **Labour and Firm Location:** Rising housing prices and rents affect labour availability and influence firm location decisions, with some businesses relocating from metropolitan areas due to increased housing-related wage pressures.
- **Entrepreneurship and Consumption:** Sustained house price growth may deter entrepreneurship and reduce overall consumption.

- **Education and Employment:** Poor housing and neighbourhood conditions negatively impact education and employment transitions.
- **Spatial Mismatches:** Households moving out of city centres for affordability reasons create spatial mismatches between jobs and housing.

Key themes that emerge from the evidence include:

- **Housing as Economic Infrastructure:** Housing supports labour markets and productivity by reducing commute times and improving workforce efficiency.
- **Investment and Supply Constraints:** Demand-side policies (e.g., subsidies, mortgage incentives) often overlook supply-side constraints such as land use regulations, planning barriers, and construction inefficiencies. Tax policies also influence housing investment patterns.
- **Housing Consumption and Household Economics:** As a basic need with inelastic demand, housing costs significantly impact disposable income, savings, debt levels, and consumption of other goods and services.
- **Labour Market Impacts:** Housing affordability and availability influence job access and workforce participation, potentially leading to labour shortages and reduced mobility.
- **Human Capital Development:** Housing quality impacts health, education, child development, and access to jobs and services, all of which affect long-term productivity.
- **Business Growth and Economic Development:** Housing availability and affordability influence business location decisions, access to skilled labour, and opportunities for small enterprises and investment.

While a review of the academic literature reveals multiple links between housing and productivity and labour market outcomes, the evidence is not as extensive and comprehensive as would be desirable, particularly in the UK context. Despite growing recognition of housing as a key component of economic infrastructure, systematic and empirical research on its macroeconomic and microeconomic impacts remains to be done. Most housing research on economic growth and productivity remains qualitative and the limited recent quantified analysis highlights the need for better data and deeper investigation. Key gaps in the literature include:

- **Regional and Local Economic Performance:** There is limited empirical analysis on how housing availability, affordability, and quality influence economic growth at regional and local levels, especially in the context of spatial disparities and the UK's agenda around more balanced spatial development.
- **Human Capital Development:** More robust research is needed on how housing conditions affect skills development, labour market readiness, and long-term productivity, particularly for disadvantaged groups.
- **Business Capital and Innovation:** The role of housing in shaping business location decisions, access to skilled labour, entrepreneurial activity, and innovation ecosystems is under-researched. A clearer understanding of these dynamics is essential for integrated economic and housing policy.
- **Causal Relationships and Quantification:** Much of the existing evidence is qualitative or correlational. There is a pressing need for longitudinal, data-driven studies that can shed greater light on causality, and for more studies that seek to quantify the magnitude of housing's impact on economic outcomes.
- **Policy Integration and Evaluation:** Few studies evaluate the economic impacts of specific housing policies or provide quantitative assessments of the interaction between housing policies and other policy domains such as transport, education, and labour markets.

4.5 Conclusion

A review of the evidence on the links between housing outcomes and economic growth highlights that housing plays a pivotal role in shaping economic performance. Yet this role is frequently overlooked. Far beyond its function as shelter, housing influences labour mobility, productivity, consumption, and business development. Structural challenges—such as unaffordable prices, limited housing supply, and the financialization of housing—contribute to market distortions, constrain access to employment, and reduce economic efficiency. These challenges also affect human capital formation – shaping the availability of a labour force with the necessary capabilities and skills - reinforcing the case for recognising housing as essential economic infrastructure.

Despite growing awareness of these connections, housing policy has traditionally been framed with the focus on social welfare, rather than housing being viewed as a driver of economic productivity. Inadequate housing—characterised by high costs, poor quality, and spatial mismatches between homes and jobs—undermines workforce participation, hinders firm growth, and restricts regional economic development. Yet the academic literature, particularly in the UK, remains limited in its capacity to provide robust, data-driven insights into how housing affects productivity outcomes.

Much existing research is qualitative or focused on high-level macroeconomic indicators. There is less quantified causal analysis. This is partly due to the complexity of disentangling housing effects from other economic variables. This is compounded by a lack of consistent, longitudinal, and spatially detailed data. Traditional economic models tend to understate the role of housing by treating it as a passive background condition, rather than a key input into economic performance. Consequently, land-related factors—including housing, infrastructure, and spatial connectivity—are often absorbed into the residual category of 'technical progress' in growth models, leading to their exclusion from formal economic measurement and policy design.

If we are to fully understand the economic implications of housing, there is a need for more rigorous, empirically grounded research that captures the diverse and place-based ways in which housing interacts with labour markets, business productivity, and regional development. Nonetheless, the evidence that already exists gives us clear pointers regarding the value of housing as essential economic infrastructure. Further study would allow us to elaborate and reinforce that case.

5. A closer look at impacts: Housing and personal finances

In this section we consider the relationships between housing and personal finances. A household's position in the housing market is related to their income, which in turn depends on their socio-economic characteristics such as their position in the labour market. Consequently, the housing market reflects broader socio-economic inequalities. At the same time, however, differences in housing costs and access to housing assets, which are much more unequally distributed than incomes, have the potential not only to exacerbate existing socio-economic inequalities but also to introduce new ones. Indeed, housing has been characterised as a “propagation mechanism for inequality” and an “engine of inequality”.^{lxxxvi} This mechanism can work through a variety of direct and indirect routes.^{lxxxvii}

Housing represents one of the largest expenses for most households. Housing costs can vary substantially across the life course, with the profile of costs differing considerably depending on whether a household owns or rents their home. The level of housing costs relative to household income is a key influence on a household's ability to achieve an acceptable standard of living. When housing is too expensive it can leave insufficient income for other essential goods and services. As we discuss elsewhere, high housing costs relative to income can also have negative impacts on health and wellbeing through increasing a households' sense of precarity.

While some households can buy housing outright, for most people access to home ownership requires access to mortgage finance. Such finance is more accessible to households in some social groups than others.^{lxxxviii} And opportunities change over time as a result of market volatility, policy changes and financial innovation: households find it easier to enter home ownership in some periods than in others. This creates cohort effects: some generations have been better able to access home ownership and use it to accumulate wealth than others.^{lxxxix} Most households that hold wealth hold it in the form of housing assets. The scope for accumulating wealth through housing differs across neighbourhoods, cities and regions. This opens up scope for social inequality both within and between generations. These housing market dynamics have been identified as problematic from the perspective of ensuring ‘inclusive growth’.^{xc}

In this section we consider several issues related to housing and personal finances. More specifically, we provide an overview of the literature on the following themes:

- (1) housing costs and their implications for non-housing expenditure and standard of living;
- (2) the relationship between pension provision and the ownership of housing assets;
- (3) the increase multiple property ownership, including small-scale private landlordism;
- (4) the impact of intergenerational wealth transfer, via housing as an asset and the ‘bank of Mum and Dad’.

A challenge in exploring these themes, as with the topics considered in other sections, is that the relationships can be more complex than might first appear. They can be self-reinforcing. That is particularly the case for wealth accumulation: some households are better able than others to acquire housing assets, while those who already hold housing assets are better placed to acquire more.

We start by considering how we assess housing costs before considering affordability and its implications.

5.1 **Assessing housing costs and affordability**

Measuring and comparing housing costs is not a simple task, and different researchers have done it in different ways. There are costs associated with housing – for example, utility bills, council tax or management fees – that are sometimes included in “housing” costs, alongside rent or mortgage payments, and sometimes are not. It is also because housing payments for renters and owners are not strictly comparable. Rent is a payment to a landlord for a service. Homeowners in the UK don’t have any comparable payment. Instead, conventional mortgage payments will eventually lead to ownership of an asset.^{xcii} Finally, housing costs can be assessed after taking account of any assistance received – for example, from housing benefit or the local housing allowance – or they can be assessed before assistance. The two approaches can provide dramatically different assessments of housing affordability.

The typical profile of costs over a household’s life course associated with renting and buying housing is different. This has important consequences for households and implications for policy. Households buying their home with a mortgage typically face relatively high costs in the early years, but over time their monthly payments become more affordable as a result of inflation. Eventually they will have paid off their mortgage and own the property outright. At that point their ongoing housing-related costs reduce to repairs and maintenance costs, utility bills and council tax. How predictable the payments are during the repayment period depends on whether a mortgage is fixed or variable rate. For renters in the UK, in contrast, broadly speaking rents move with current market conditions and for many households that means year-on-year rent increases. In contrast to homeowners, there is no mechanism by which housing costs reduce in older age. Consequently, rental costs can remain high even though income declines. As we will note below, this story of financing home ownership is becoming less common. But it is a good starting point for understanding a key difference.

A conventional housing pathway for many households would be to rent privately during their earlier years and then move into home ownership, where they would then remain until, if necessary, relocating to specialist older persons accommodation in later life. But this housing pathway rests upon the absolute and relative costs of renting and owning. If the costs of house purchase relative to household income are high, then it will be hard to access and sustain a big enough mortgage. Alternatively, if rents are high relative to income, then it is difficult for households to save sufficiently to pay a deposit on an owner occupied house. Conversely, even if rents are relatively low, if non-housing expenditures are high then it may be impossible to save sufficiently. A key characteristic of the housing market over the last two decades is the decline in the number of people able to access home ownership as a result of increasing affordability pressures. Government schemes to assist households to access home ownership, even if effective, are relatively small scale.

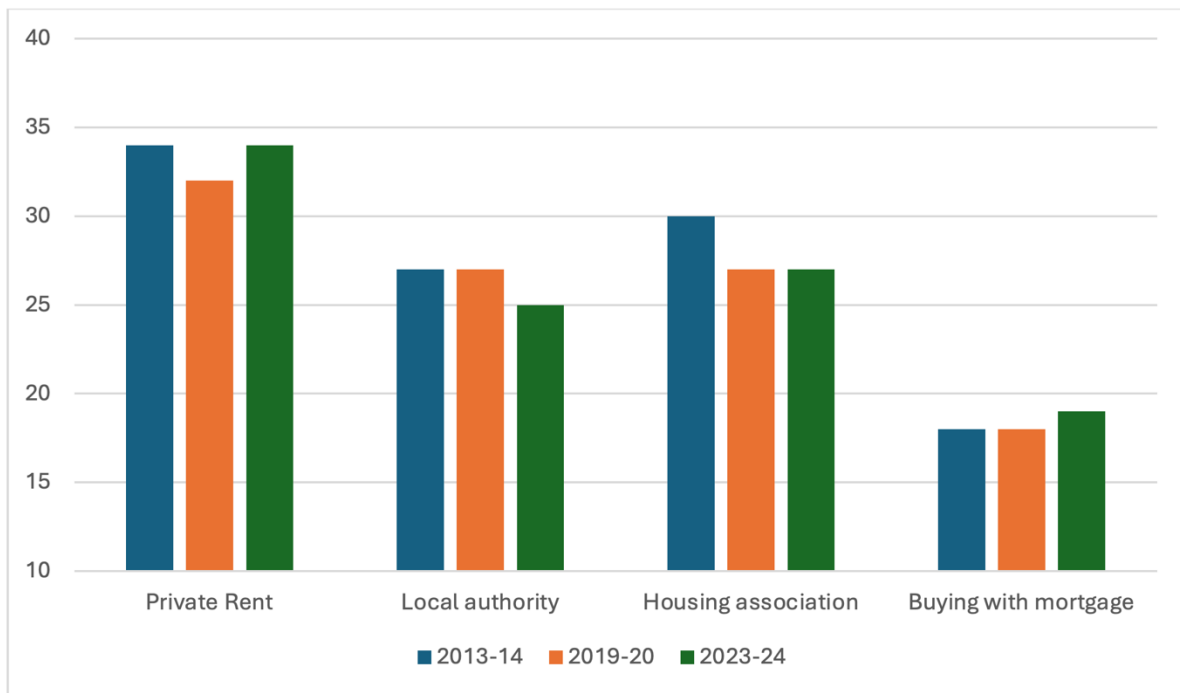
Barrett, citing analysis by Standard Life, argues that ‘[n]early 40% of those currently renting believe they will still be doing so when they retire, and that they could need up to £400,000 more in savings to fund this.’^{xciii} Without access to savings at this level households will need to trade down to a cheaper property or seek assistance from the government to help with housing costs. We have seen a substantial increase in private renting over the last two decades: if the proportion of those households renting through into older age remains stable then the potential future policy challenge has grown. These differences in housing cost profiles between owning and renting therefore have important implications for government finances.

5.2 Housing costs and their implications

There are two principal ways to measure housing affordability: ratio measures and residual income measures.^{xciii} Ratio measures are easy to understand and often feature in the media

and official reports. For example, the annual English Housing Survey provides a representative picture. It indicates that the proportion of income spent on housing by private renters is higher than that of those in social rented housing. In 2023-24 private renters spent 34% of their income, on average, on housing. In addition, all renters pay a higher proportion of income on average than those buying with a mortgage (Figure 5.1). This national survey data also suggests that while the precise proportions have varied over time, this pattern across tenures is relatively stable.

Figure 5.1 Average percentage of household income spent on housing, by housing tenure, selected years

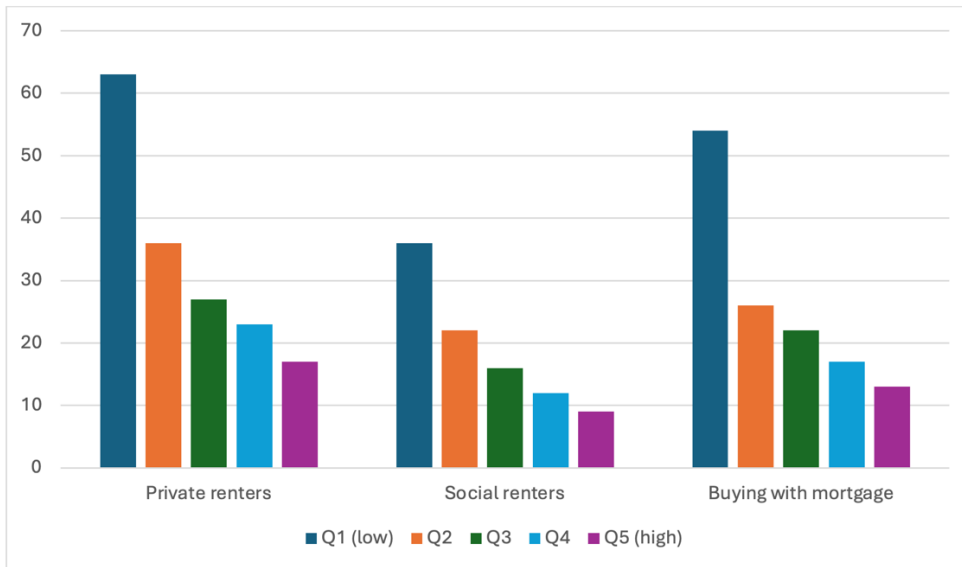


(Source: MHCLG, 2025, Table A1.1)^{xciv}

However, a ratio measure of this type says nothing about income levels: a household spending 34% of their income on rent might still have plenty of money to meet their other needs. Conversely, those on very low incomes might be spending only 10% of their income on housing but still struggle to meet their other spending needs.

We can look at these data by income groups to understand better how spending on housing varies between households. Figure 5.2 takes the households in each of three tenure groups and groups them by income quintile – from the lowest 20% of household incomes (Q1) to the highest 20% of household incomes (Q5). This shows how the average percentage of income spent on housing decreases as income increases for all tenure groups, but also how those on the lowest 20% of incomes are spending a very substantial proportion of their income on housing. For both the lowest income private renters and the lowest income buyers, this proportion is over 50% on average. The lowest proportion of income spent on housing is among social renters in the top income quintile, but this is a small group of households.

Figure 5.2 Average percentage of household income spent on housing, by tenure, by income quintile, 2023-24

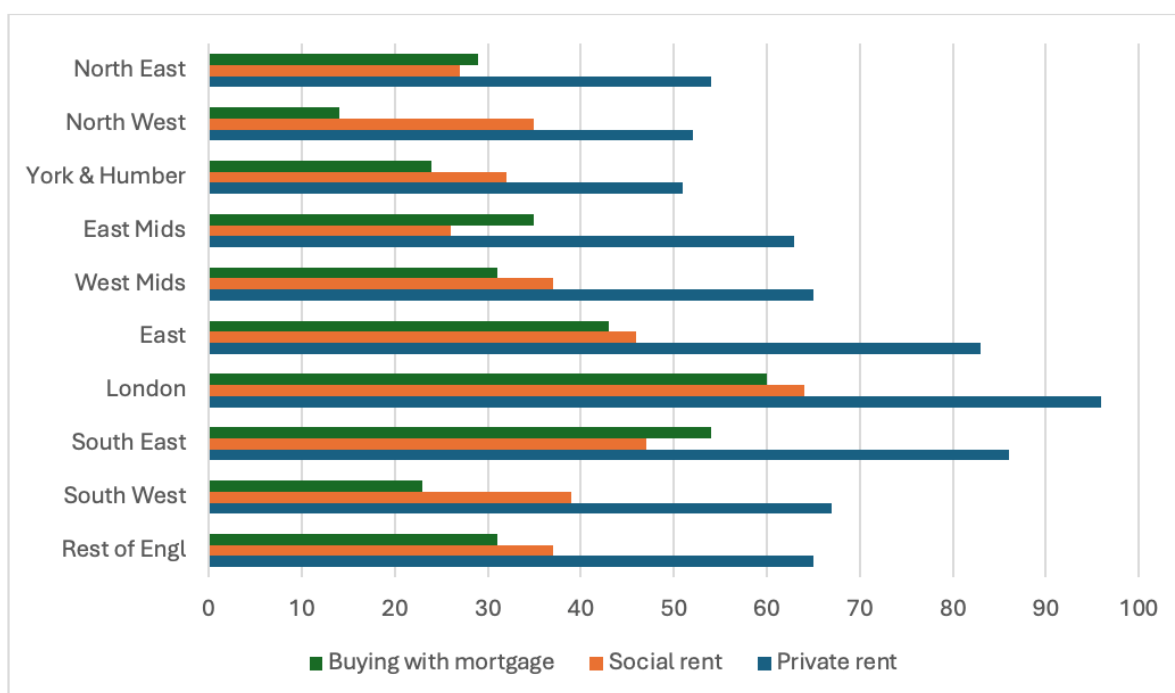


(Source: MHCLG, 2025, Table A1.1)

Another way to look at this issue is to focus on lower income households and see how many are spending more than a certain proportion of their income on housing. This is sometimes referred to as being “overburdened” by housing costs. The English Housing Survey uses the so-called ‘40/30 ratio’ to gain a picture of the situation. The ratio represents the proportion of those households in the lowest forty percent of the income distribution (the lowest two quintiles) that spend more than 30 per cent of their income on housing.

If we consider these data by region, we can see that there is a clear north-south divide: a higher proportion of lower income households in the south are overburdened in this way than in the north (Figure 5.3). We can also see that in every region at least 50% of lower income households in the private rented sector are overburdened. London is the only region in which more than 50% of both social renters and those buying with a mortgage are also overburdened. Finally, in the private rented sector in the south of England (London, the South East, East) at least four in five lower income households are overburdened and in London it is an almost universal experience (96%).

Figure 5.3 Proportion of households in bottom two deciles spending more than 30% of household income on housing, by region, 2023-24



(Source: MHCLG, 2025, Table A1.2)

This type of analysis helps us to understand the housing cost burden, but it doesn't address the key question of residual incomes: how much do households have left after paying for housing? Residual income measures of affordability are well-established, but affordability analysis using residual incomes is less frequently conducted and there are different ways of assessing an adequate non-housing income. A promising method for doing so is based upon the Minimum Income Standard (MIS). This standard is based on social research that surveys people's views on the types of non-housing spending needed in order to achieve an adequate standard of living. Using data from 2008/09 and 2015/16, Padley and colleagues seek to disentangle whether working age households were falling below this MIS because their incomes are low or because their housing costs are high. They concluded that there is a growing proportion of renters in the UK who are experiencing "shelter poverty":^{xcv} they do not have sufficient income to achieve the MIS because of high housing costs. Using a region-specific benchmark for 'high' housing costs, they assessed the North East and North West as the English regions with the highest proportion of households with a housing affordability problem in 2025/16 (over 40%), while Wales had the highest proportion overall.^{xcvi} The importance of not relying on ratio measures to identify those who are overburdened by housing costs is underlined by a recent paper looking at housing costs across Europe. The paper concluded that while housing affordability in general – when assessed as the coincidence of high housing costs and low income rather than as a ratio – had not deteriorated markedly over time, those in the market rented sector were at substantially greater risk of experiencing affordability problems than those elsewhere. It also indicated that housing policy variables were relatively important in driving this conclusion.^{xcvii} High housing costs can accentuate trends in income inequality by disproportionately eroding the benefits of income growth for lower income households: income inequality assessed after housing costs are taken into account is greater than that before housing costs.^{xcviii}

Housing pathways

High housing costs relative to income have negative impacts upon current standards of living and wellbeing, but they also have longer term patterns and effects. Stephens and Leishman conducted a longitudinal analysis of housing and poverty. They distinguish

between poverty and housing deprivation and examine household pathways through the housing system. Above average levels of total poverty and chronic poverty were associated with housing pathways through social housing, but most of these households avoided housing deprivation. Owner occupation was more strongly associated with temporary poverty. The authors concluded that during their study period – 1990-2008 – the housing system acted to weaken the link between poverty and housing deprivation.^{xcix} This characteristic is contingent, rather than inherent, in the system.

More recently, high housing costs mean that conventional housing pathways involving tenure transition – a period in private renting followed by a move into home ownership around the late twenties – have been disrupted for many households. Children are living longer with their parents or moving out of the parental home but subsequently returning. There has been a growth in such “concealed” households living in multi-generational households. In 2023-24 1.5 million households in England (6%) contained a concealed household – someone who would like to live independently but cannot afford to.^c This phenomenon can be associated with higher income households: parents with the space and resources to continue accommodating adult children. In addition, more households are spending more time in private renting, in part because high rents mean that they are not able to save sufficiently rapidly for a deposit to buy a property, and the age of first time buyers has increased considerably. This phenomenon has been labelled as so-called ‘generation rent’.^{ci} Recent research is revealing that we need to develop a better understanding of the commonalities and differences in the rental experiences of this ‘generation’: while social background can influence experience, precarity is pervasive.^{cii} When private renters can be spending three times as much as owner occupiers, ‘[t]hese higher costs not only make it harder for young renters to save for a deposit, but the growing disparity with mortgagors has pushed against improvements to millennials’ living standards – both by reducing living standards today and leaving them less able to save wealth for later life’.^{ciii} Delays in achieving the status of an independent household living in settled affordable housing can also have impacts upon, for example, fertility rates as some postpone starting a family until later in life.

Much recent research has focused upon precarity and lack of affordability in rental housing. The position of homeowners might, in contrast, be assumed to be relatively advantaged. While that is true for many, it is by no means true for all. Wallace and colleagues argue that while homeownership might be assumed to deliver universal benefits, the data suggest that these benefits are experienced unevenly across social groups and areas. They found that in 2013/14, ‘half of all households in poverty were home-owners’. While poverty rates among outright owners – who tend to be older and retired – had reduced significantly by this point, ‘mortgaged households in poverty were often middle-aged couples with children’. Two thirds of mortgaged households in poverty had a member in work. Those homeowners at greatest risk of poverty were those with less conventional labour market participation – part time or self-employed – or working in routine occupations, and those in living in low-value homes, lone parents or those who experience relationship breakdown.^{civ} Recent work on the ‘edges’ of ownership similarly identifies the differences in experiences between outright owners and mortgagees, and the way in which the institutions of different housing markets can shape risks and therefore household wellbeing.^{cv}

Lack of affordability in the homeownership sector can also be tracked by the increasing incidence of longer (35 year) mortgage terms, multi-adult mortgages or mortgages designed to be taken on by children. These are all ways of trying to access home ownership when a conventional 25 year mortgage is out of reach of a single or dual earning household. Conversely, equity withdrawal through remortgaging is being used by younger households, faced with stagnating labour market incomes and limited savings, to supplement income.^{cvi} There is also evidence that remortgaging to use equity for other purposes, including intergenerational wealth transfer, means that mortgages are not paid off before reaching

older age. Mortgages running into retirement mean that the conventional story of life course housing costs – where owners see a drop in housing costs in older age – changes further. Almost three-quarters of households over 65 are outright homeowners, but those who do not own their homes outright by the time of retirement face a drop in income and ongoing housing costs. The risk of poverty increases as a consequence.^{cvii}

Newman notes that over a third (34%) 'of renters over retirement age are living in poverty compared with 19% of all pensioners' and goes on to argue that:

Between 1994 and 2012, pensioner poverty as a share of pension age population halved from 28% to 13%. Rising rates of home ownership and increasing house prices along with higher incomes from private pensions were key factors for this ... But these gains were temporary in nature and tied to... political and economic reforms ... The share of pensioners now living in private rentals is rising and is expected to continue to rise ... Those approaching retirement age in the next decades are also the generation of workers that have seen worsening precarity, insecurity of employment, higher rates of self-employment and related collapse in savings for old age.^{cviii}

In their analysis of the decline of youth home ownership in Britain, Corlett and Odamtten estimate that 'renters will pay more than 40 percent of average retirement income on rental payments alone', creating dilemmas for young people (defined as those 25-34 years of age) regarding whether they should save primarily for a deposit for a home or for their pension.^{cix}

The tenure change witnessed in the UK over the last two decades - a decrease in the proportion of households owning their own home and an increase in the percentage of households living in the PRS - is echoed elsewhere. Slaymaker and colleagues analyse longitudinal data for Ireland to examine future scenarios in which the proportion of renters differs. Their aim was to estimate the effect this would have on income poverty rates in retirement. They found that, overall, 'lower rates of homeownership are likely to lead to substantially higher after housing costs income poverty rates'. More specifically the analysis estimated that:

income poverty rates for those approaching retirement would reach 31 per cent under a low homeownership scenario of 63 per cent, 28 per cent under a medium homeownership scenario of 70 per cent, and 21 per cent under a high homeownership scenario of 78 per cent, compared to 14 per cent under the baseline homeownership rate of 92 per cent.^{cx}

Their analysis noted that not all types of households were equally at risk: women, those with lower levels of education, and those who lived alone during working life were particularly vulnerable to income poverty in retirement after housing costs have been taken into account.

5.3 Pension provision and the ownership of housing assets

Financial circumstances in older age are primarily determined by a mix of pensions and housing assets. Countries strike a different balance between pensions and housing equity, creating different types of welfare system. In some countries housing is not so important, with the emphasis upon public and/or private pension provision to achieve MIS in older age. Elsewhere, in theory, households save through the purchase of owner occupied housing over the life course and then benefit from low housing costs and the option to liquidate some of their equity – “spend the house” – to maintain consumption levels.^{cxii} The UK has conventionally placed emphasis upon owner occupied housing as an important component

of this mix. State pensions are low by international standards, and these are supplemented by occupational and private pensions for those in employment.

Pensions are a key aspect of personal financial position in old age. Over the last two decades, changes in pension systems in the UK have had a knock-on impact upon housing. There has been a decrease in the availability of Defined Benefit (DB) pensions, which are a workplace pension which delivered a set of benefits that were based upon your salary level and how long you had worked for your employer. In contrast, employers have made increased use of Defined Contribution (DC) pensions. These are pension pots based on how much you paid in and the investment climate at the point of retirement. While it depends on context and precise details, DC pensions are typically seen as delivering less generous and less certain benefits than DB pensions. If investing in a pension does not deliver such a good return, then many have looked for an alternative investment through which to earn a better or more predictable return: many have turned to housing. Housing has thus increasingly been seen, by some, as an asset that can provide for them in their old age. We consider the different forms this might take in the next section.^{cxii}

Despite the shift from DB to DC pensions having housing consequences, more recently '[a] new higher-interest environment provides some opportunities for younger generations, making it easier to build up larger defined contribution (DC) pension savings'. This might shift the pendulum back the other way at little. Nevertheless, overall, the reduced availability of DB pension schemes means that those 'born in the early 1980s could reach age 60 with around £45,000 less pension wealth than the youngest baby boomers (born between 1961-65)'.^{cxiii} At the same time, changes to the tax treatment of income from residential property since 2016 have reduced the attractiveness of housing as a source of additional income. The implication is that one key dynamic that has driven the growth on the use of housing as a pension has weakened somewhat. While the direction of travel over the last two decades has been towards greater emphasis upon housing assets as a form of pension provision, this development is contingent rather than inevitable.

5.4 Multiple property ownership

A household could focus on accumulating housing wealth through investment in their primary residence. However, there are also a range of strategies involving multiple property ownership.^{cxiv} These can include the purchase of second homes for the households' own use, with the potential financial benefit arising through capital growth, or it could be through investing in one or more properties for private rental or the short-term lettings market, with the potential financial benefit arising through both income and capital growth. In the case of accumulation through primary or secondary homes, households will likely need to downsize or sell off the property to supplement income in older age, whereas rental strategies do not necessarily require selling assets.

Much has been written about shifts in pension provision and the impact this has had in increasing rates of small-scale private landlordism.^{cxv} The number of small private landlords in Britain has increased dramatically since the 1990s. The trade-off between pensions and property ownership, discussed above, was originally identified in relation to primary residences. The relationship of multiple property ownership to pension provision is more subtle. In some countries it is a well-established alternative or complement to the lack of comprehensive or integrated pension provision, whereas in other countries it has emerged more recently. In liberal welfare states like the UK, it could be viewed as a sign of the dynamics of wealth concentration – the system makes it easier for those who already own assets to accumulate more – more than as a direct response to changing pension provision.^{cxvi}

Bangham examines increases in multiple property ownership in Great Britain and finds that the most common reason for owning more than one property is to rent it out, with nearly

two million people owning at least one buy-to-let property.^{cxvii} Households owning multiple properties tend to be older, have higher income and live in the south: '[i]n the top tenth of the household income distribution, 7.5% of individuals own a second home and 13.6% own a buy-to-let'. Apart from owning a second property to spend time in it, the key reasons for doing so were identified as 'to provide an income or capital return (especially in retirement) and to store wealth to pass on to the next generation'. Based on data from 2014-2016, '10.8% of working-age people said they planned to use income from additional property to help fund their retirement, suggesting additional property is an important part of wealthy Britons' retirement plans'. But among the most wealthy households it wasn't a question of saving through housing rather than through a pension: '[t]hese people appear to be using their additional properties as a complement to rather than a substitute for pensions'.^{cxviii} Arundel has observed that '[t]he empirical evidence points to the starkly concentrated nature of contemporary property wealth and, crucially, significant trends towards increasing equity concentration'.^{cxix}

This increasing concentration of housing wealth, and the consequent difficulties many households encounter in accessing affordable homeownership, has led to questioning the justice of the situation. It is broadly accepted that some households do not have access to sufficient adequate housing, so is there a moral case for arguing that, while this situation continues, some households should be seen as having access to *too much* or *excess* housing? A recent paper has made the case for so-called housing limitarianism.^{cxx} The implication of this argument is that government should intervene not only to prevent further concentration but to ensure property is distributed more broadly: a revival of the idea of the property-owning democracy.

5.5 Intergenerational wealth transfer

In addition to inequalities in housing wealth within generations, the transmission of wealth between generations has the potential to compound inequalities. Intergenerational transfer could occur at the end of life through inheritance or happen *inter vivos* when, for example, parents assist their child to buy their first home. Such transfers don't necessarily involve the release of housing wealth, instead being funded from savings or investments.

Intergenerational wealth transfer is not new. It is a well-established feature of society. The key questions are whether it has become more widespread and more important in shaping households' housing pathways. In the past, help from your parents might have been a welcome bonus, but has it now become essential because without it the barriers to homeownership would be too great?

References to receiving help from the "bank of mum and dad" (BOMAD) indicate that this is a widely recognised phenomenon. BOMAD has emerged as an increasingly important phenomenon over the last two decades, but it is not necessarily simple to determine its importance. There is limited data on the scale of the financial assistance being provided. A survey in 2016 by Legal & General estimated that average support of £22,000 was assisting 300,000 home purchases, which gives a total of £6.5 billion.^{cxxi} It is likely that the extent of assistance has increased since then as house price growth has continued to outstrip income growth.

While the term BOMAD has come into widespread use, in both the media and academia, to signify the financial assistance young people receive from their parents, it is also a symbol of the increasing challenges that young people face. There has been little change over the last twenty years in the likelihood of a young adult owning their own home, when price-to-income ratios are similar. But, for example, 'in 2015-16 almost 90% of 25 to 34-year-olds faced average regional house prices of at least four times their income, compared with less than half twenty years earlier. At the same time, 38% faced a house-price-to-income ratio of

over 10, compared with just 9% twenty years ago'.^{cxxii} The consequence is a declining rate of home ownership across age cohorts:

[y]oung people today are far less likely to be homeowners than previous generations: 55% of those born between 1956-1960 were homeowners by the age of 30... compared to just 27% of those born 1981-1985. While some of this fall can be ascribed to later life events for younger generations (leaving education, having children and the like), rising cash costs play by far the dominant role.^{cxxiii}

Evidence suggests that many households are reluctant to access housing wealth except as a last resort and that remortgaging or downsizing for *inter vivos* transfers is relatively rare. However, receiving assistance with home purchase is relatively common and support can take a range of forms.^{cxxiv} Three out of ten first time buyers in the English Housing Survey 2023-24 reported using a 'gift or loan from family or friend' to assemble the deposit for home purchase. For single people there appeared to be a marked gender difference: 42% of men reported receiving this sort of assistance compared with 17% of women.

While the overall number of households receiving gifts and inheritances might be small, when received they are important:

studies show that parental gifts are offered for many reasons ... but higher value transfers are given to assist entry in home ownership and even landlordism ... These transfers are not only unequal - that is wealthier recipients receive higher gifts than their poorer counterparts, allowing for an earlier entry in the housing market ... - but trigger a 'wealth-effect' over the life-course ... , including through house price appreciation.^{cxxv}

Receiving a gift can allow for the purchase of a higher value property than would otherwise be possible or a less heavily indebted purchase.^{cxxvi} This can then increase the wealth that can be accumulated through price appreciation, thereby amplifying inequality further.

From an analysis of data on home ownership of parents and children from several British cohort surveys, Blanden and colleagues conclude that they identified:

... a strong intergenerational persistence that has become stronger over time. Indeed, the intergenerational persistence of home ownership status increased substantially between 2000 and 2016, as UK house prices rose sharply and young people's position in the labour market weakened ... These made getting on the housing ladder much more difficult for people from more recent birth cohorts whose parents did not own their own home. Given the close connection between home ownership and wealth, these results on strengthening intergenerational home ownership are therefore also suggestive of a fall in intergenerational housing wealth mobility over time ...^{cxxvii}

Similarly, Wood and Clarke conclude that:

... children of wealthier parents are much more likely to become homeowners themselves, and sooner. We find that this relationship continues to hold even once we take into account someone's salary, their education, where they live and whether they are in a couple or not. We also find that the relationship between parental wealth and their children's homeownership has risen over time.^{cxxviii}

While inequalities in wealth transfer are associated with other dimensions of social inequality - parental education, social class, income - there is also qualitative evidence that family solidarity is an important driver.^{cxxix} Levels of such solidarity are not necessarily

uniform across society, but even if that were the case only some social groups have the resources to turn such solidarity into substantial gifts in cash or in kind.

One of the challenges in assessing the influence of parental homeownership and financial assistance on children's housing circumstances is, as with other areas we have considered in this report, that the causal connections are complex. Wood and Clarke highlight the interconnected nature of homeownership, earnings and wealth when they argue that:

[t]hose with wealthier parents are more likely to become homeowners themselves, but they are also more likely to attend university and earn more. Because all these things are also closely related to the likelihood that someone is able to purchase their first home, the BOMAD, it seems, pays out more than once in life.^{cxxx}

Nonetheless, even when other dimensions of parental advantage, such as education, are taken into account, the relationship between parental homeownership and children's housing position can not only still be identified but appear to be strengthening.^{cxxxi}

5.6 Conclusion

This section has indicated that housing is vital to understanding personal finances. High housing costs relative to income mean that many households find themselves 'overburdened' and a substantial minority are unable to achieve a minimum standard of income for non-housing spending. Inequalities in the housing cost burden between owners and renters are not simply a short-term problem but can shape long term trajectories. High housing costs also disrupt established housing pathways involving transitions into home ownership. In a context where owner occupied housing represents the key mechanism by which most households accumulate wealth, barriers to home ownership create major social cleavages. The accumulation of wealth through the ownership of residential properties is a key dynamic of contemporary society. The evidence strongly suggests that such wealth is concentrating and therefore giving rise to greater social inequality. This is in contrast to previous eras in which home ownership was expanding and could be viewed as a mechanism for wealth redistribution.^{cxxxii}

These processes are leading researchers to argue for the need to rethink how housing markets operate. For example, rather than the availability of mortgage finance being key, as is conventionally thought to be the case, in a world where the use of existing housing wealth is central to house purchases and prices, it could be important to focus more on wealth to understand housing market movements.^{cxxxiii} Stepping back even further, we are starting to understand that housing wealth inequalities have much broader implications, including fraying social solidarity and undermining the legitimacy of political institutions or policy platforms.^{cxxxiv} Hence, while this chapter has focused upon personal finances, the discussion leads to another area, noted in section two, the relationship between housing and politics. From a systemic perspective on housing which acknowledges complex interconnections this type of interconnection – between policy domains and between the microlevel and the macrolevel - is to be expected.

By implication, this chapter highlights the positive social impact that more affordable housing can have, both in the short and the long term. The discussion also underlines the benefits of a housing system which does not experience near continuous house price inflation but rather is characterised by stable housing markets. Affordable housing increases the likelihood that households will achieve minimum income standards. More stable housing markets reduce the scope for accentuating and embedding social inequality and increases the likelihood of social mobility.

6. A closer look at impacts: Housing, childhood wellbeing and education

Much of the research on housing and health reviewed in section three focuses upon the impact of poor housing on adults, but there is little dispute that housing can also have substantial impact upon children's health and wellbeing.^{cxxxv} The tragic events that led to the passing of Awaab's Law, which aims to compel landlords to address issues of damp and mould in their properties quickly, provides a vivid and distressing example.^{cxxxvi}

Some pathways through which housing can affect children's physical health are similar to those for adults: for example, the impacts of damp, cold and mould. But that is not all there is to consider. The analysis of the impacts of housing on children's wellbeing and education is, however, complex. We face the general issue, noted in earlier sections, of disentangling the effects of housing from the effects of other factors: most evidently, poor housing tends to be strongly associated with low incomes. If we identify an association between housing circumstances and an aspect of children's wellbeing or education, then we need to consider whether it is a causal relationship: by what mechanism might poor housing be causing this outcome? We also need to think about which aspects of housing might be having an impact on wellbeing. Housing is complex and multidimensional: different types of housing problems could have different implications for children's wellbeing. Is the impact of poor-quality homes different from the impact of housing insecurity or lack of affordability? And do those different impacts occur through different mechanisms – some more direct than others?

In addition, research can focus on short-term effects of poor housing, or it can aim to trace whether poor housing in childhood has longer-term consequences that last into adulthood. But are the impacts of housing immediate and acute or do they accumulate over time in less obvious ways? If the problems are slow acting, then even if in the short term the negative impacts appear small over the long term, they could add up to a more substantial negative effect.

We can also consider whether children of different ages are affected by poor housing in different ways or to different degrees. For example, does housing impact upon the wellbeing of very young children in the same way and to the same extent as on the wellbeing of teenagers?

These are topics which are attracting increasing attention from researchers.^{cxxxvii} In this section we provide an overview of key arguments and evidence about these impacts.

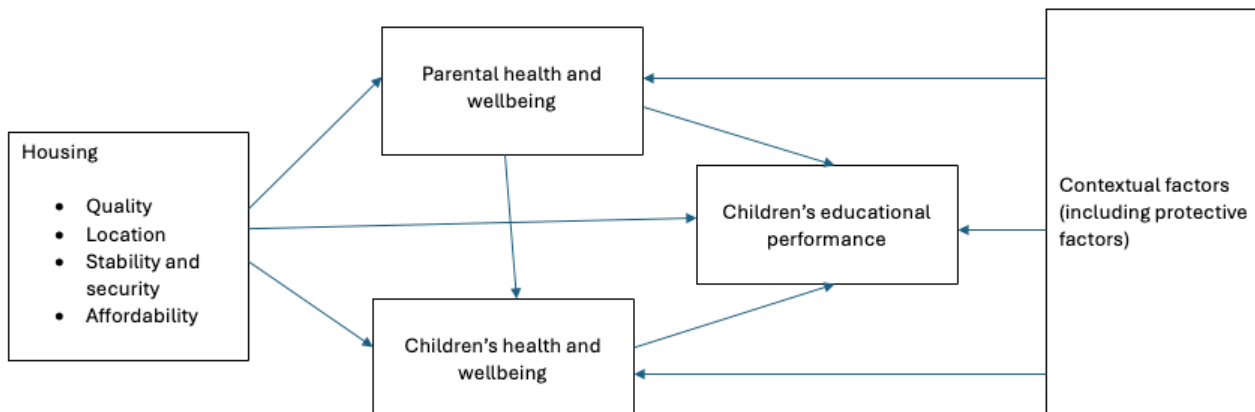
6.1 How does housing affect children's wellbeing and education?

Housing can affect children's wellbeing and education directly or indirectly. That is, it can have a direct impact on their own experiences or an indirect impact through its effect on parental wellbeing and behaviour, which in turn affects children's wellbeing and shapes parental input into children's education. We might be interested in the objective effects of poor housing – for example, do children living in poor housing perform less well in school? Or we might be interested in the subjective effects of poor housing – does it reduce children's sense of wellbeing and quality of life? The two effects are different, but they are not necessarily independent: negative impacts upon subjective wellbeing and mental health could affect behaviour and educational performance.

Figure 6.1 provides a simple illustration to capture these potential pathways. Our focus is the impact of housing upon wellbeing and education, but a range of contextual factors can also affect the outcomes we're interested in. The effect of contextual factors could be negative – such as unemployment impacting on parental wellbeing or the lack of public investment affecting the quality of the schools accessible to a child – or it could be positive,

with contextual factors being protective and reducing the potential impact of poor housing on children’s wellbeing – for example, stronger friendship networks.

Figure 6.1 Potential pathways by which housing affects children’s wellbeing and education



These pathways illustrate the role that housing could play; we now consider the evidence regarding the direction and strength of these relationships in practice.

6.2 Housing and children’s wellbeing

For children, the home is a key part of their environment. We can differentiate the dimensions of housing and consider whether their individual impacts can be identified. We can distinguish the quality of the physical property; its location; the stability and security with which a household occupies their home, including whether they own or rent the property; and its affordability. There are overlaps between these dimensions: if a property is difficult to afford, for example, then the household is less likely to feel secure in their occupancy. Lack of affordability or security could lead to needing to move frequently, which in turn could have a negative effect on wellbeing. There are also potential tensions between the dimensions: good quality housing could positively contribute to wellbeing, but if a household needs to overstretch itself financially to obtain that housing then that could have a negative impact on wellbeing – which effect dominates in this situation, and therefore what the overall effect on wellbeing would be, is not necessarily straightforward. There is some evidence from the US that the former effect is stronger than the latter.^{cxxxviii}

The physical quality of housing – damp, mould, leaking roof, rotting window frames, rodents, defective heating or wiring, etc. – and its impact on health and wellbeing has attracted considerable research attention. Children living in homes with damp or mould are at high risk of developing asthma.^{cxxxix} Research from the US concluded that poor housing quality was associated with differences in child and adolescent development, resulting in “worse emotional and behavioural functioning and lower cognitive skills” and was operating in part indirectly through the negative impact of housing quality on maternal wellbeing.^{cxl}

A specific focus of research on housing quality is the issue of overcrowding. There is UK evidence that wheezing is more common in children up to the age of six months who live in rented or crowded housing.^{cxli} It has been argued, on the basis of US data, that overcrowding in childhood not only affects a range of indicators of childhood wellbeing but the negative effects also persist into later life.^{cxlii} A second US study found that children in families who have to ‘double up’ to live with family or friends were more likely to have

probable emotional or behavioural problems, although their physical health, mental health and cognitive development were not substantially different to that of children in low income households more generally.^{cxliii} Studies in the UK have also reported that overcrowding can result in children feeling unsafe, experiencing noise, or feeling different from peers. It can 'lead to, or exacerbate, boredom, aggressive behaviour, and mental health problems among children and young people ... Overcrowded conditions caused a "relentless daily struggle" for families.'^{cxliv}

Housing tenure – ownership or renting – has been found to be associated with differences in wellbeing. But it is important to recognise that this is often acting as an indicator of housing quality, stability and security: it might be that tenure itself is important, but the variable is also capturing a whole bundle of housing characteristics associated with different house types and neighbourhoods accessed through different tenures and this could be key to understanding how housing affects wellbeing. It could also be reflecting differences in household characteristics between owners and renters. In addition, categories such as "home owner" cover a multitude of situations – from owning your property outright to being heavily mortgaged and financially precarious – which imply different levels of security and stability. Similarly, the security of occupancy in social and private rental can be very different, particularly in England where the private rented sector has been highly deregulated for the last thirty years.

While studies in several countries have found relationships between home ownership and positive behavioural outcomes for children – fewer behavioural problems (Canada), lower rates of teen pregnancy (US) – these papers have been criticised for relying on housing tenure as the explanatory variable when differences in socio-economic status between households who own and rent accounted for the majority of the difference.^{cxlv} The fact that the experience of home ownership differs between households, often in systematic ways, means that while it might have a positive impact for some social groups, that might not be the case for others: in one US study it was found that homeownership had a positive impact on cognitive performance and reduced behavioural problems for white and Hispanic children but not for black children.^{cxlvi}

Stability and security can relate to the formal legal terms on which a household occupies their home: for example, the length of their rental tenancy. Research can also examine the related topic of residential mobility: if households move more frequently then what impact does that have on their wellbeing? In addition, it can be concerned with more subjective understandings of stability and security - do residents feel secure in their home? These are only partly about the formal legal terms of occupancy. If you live with the fear that your landlord is going to put up your rent so much that you will no longer be able to afford your home, and you are worried that you won't be able to find somewhere else suitable nearby, then that could have a chronic negative effect on your wellbeing.

Stresses of the type associated with housing insecurity, experienced by children or their parents or caregivers, increase the probability of respiratory problems.^{cxlvii} A US study, based on data on children aged 3-5, identified an association between living in insecure housing, child neglect and the involvement of Child Protection. Here again maternal stress was found to be an important variable in shaping the impact of housing circumstances on children.^{cxlviii} This study considered instability in terms of forced and frequent residential moves. While studies point to an association between more frequent residential moves and less good outcomes for children's behaviour or cognitive ability, such moves can be a symptom of something else: it could be this other factor, rather than moving home, that is having an impact on wellbeing. For example, changes in employment or changes in family circumstances, such as relationship breakdown, can be stressful and can also trigger movement.^{cxlix}

The impact of moving can depend on the age of the children, with older children having more connections outside the home that would be disrupted by moving. Moreover, a US study suggests that for some people, moves during childhood have long-lasting impacts: they affected subjective wellbeing into adulthood.^{cl} However, it appears from the research evidence that some of these relationships are context dependent: for example, while moving frequently was associated with increased behavioural problems at 11-12 years in Canada and the US, that was not the case in Britain.^{cli} A recent paper by Pierce and colleagues uses US data to construct a composite measure of housing insecurity based on five indicators and examine three trajectories of housing insecurity during childhood. Adolescents who had experienced moderately or highly insecure trajectories were less likely to experience 'excellent' health and more likely to show depressive symptoms. Those with highly insecure childhood housing also reported higher anxiety symptoms.^{clii}

Hock and colleagues present a systematic review of the impact of housing insecurity on the health and wellbeing of children and young people. The authors distinguish four populations that have been studied: those experiencing housing insecurity in general, insecurity associated with domestic violence, insecurity associated with migration status, and insecurity due to demolition-related forced relocation. The housing insecurity experienced by these populations took diverse forms, including living in temporary accommodation, making multiple moves, or being uncertain about whether a move is going to be necessary. The authors noted the complexities associated with this issue: some phenomena – such as overcrowding or living far from daily activities – can be both a cause and a consequence of insecurity. The authors' overall conclusion is that "housing insecurity has a profound impact on children and young people". These impacts occurred across several domains including family and child wellbeing, and greater difficulty in accessing health and social services. The impacts on childhood health and wellbeing outcomes are summarized as "overwhelmingly negative".^{cliii} They noted that housing insecurity: "had an obvious negative impact on the mental health of children and young people ..., including in terms of self-harm ..., thoughts of suicide ..., anxiety ..., and depression".^{cliv}

Finally, we must be mindful of the 'where' of mobility. Moving to a poorer neighbourhood can be associated with poorer wellbeing outcomes for children.^{clv} However, not all mobility has a negative impact. Mobility can be positive when it is a choice and aiming to improve household circumstances. The distinction between forced moves and voluntary moves over which households have control can be crucial in understanding wellbeing impacts.

High housing costs relative to income can affect households at many points on the income distribution, but they are concentrated among lower income households, as indicated in section five. These households often carry the heaviest rent burden. Prioritizing spending on housing costs, as discussed in the previous section, can lead to insufficient income for other goods and services that make important contributions to children's wellbeing and development, including adequate food and nutrition.^{clvi} It can also increase parents' sense of insecurity about being able to maintain their home, which generates stress and impacts negatively on wellbeing. The stress caused by a high housing cost burden can not only lead to parental depression but also interfere with positive parenting and increase risks of maltreatment, which then risks more aggressive behaviour in children.^{clvii} Research from the US suggests that better housing affordability leads to better health outcomes and fewer behavioural problems.^{clviii}

6.3 Housing and education

There is a well-established stream of research on the association between housing systems and education. The focus is on the way that systems where residential location shapes access to schooling – such as schools that use catchment areas – can lead to housing costs

and educational quality being related. That is, if households move to be within the catchment area of good schools this pushes up prices and, conversely, high prices near good schools restrict access to good quality education for lower income households. The evidence suggests that this association holds across a range of countries.^{clix}

While this analysis of the interaction of the housing and education systems is vital for understanding the nature of social inequality, our focus here is on the impact of poor housing on educational outcomes.

As we noted in Figure 6.1, poor housing can have both a direct effect and an indirect effect on educational performance. The direct effects can arise from poor housing circumstances impairing children's ability to study. Indirect effects can be the result of housing-induced health and wellbeing problems affecting school attendance or educational performance. In addition, poor housing circumstances can affect parental wellbeing and availability in ways that lead to reduced parental support for and input into educational activities.

We noted above that children living in homes with damp and mould were at high risk of developing asthma. Asthma, in turn, has been noted as a leading cause of absence from school, which will impact upon educational achievement.^{clx} In US data, poor housing quality, more generally, has been identified as associated with lower cognitive development and school outcomes, even when other aspects of poor housing circumstances – instability or affordability – was not.^{clxi}

Overcrowding raises issues of privacy, lack of personal space, noise and sleep disturbance. Without quiet space in which to study, educational performance can be impaired. Research in the US found that, for some but not all analyses, overcrowding was associated with lower maths and reading test scores, while evidence from Taiwan indicates that higher space standards and private bedrooms have a positive statistical association with educational outcomes.^{clxii} The challenge this research faced was, again, controlling for other factors and isolating the effect of indoor space.

The same challenge affects studies of housing tenure. While an association between home ownership and better educational outcomes has repeatedly been identified, a study may not have been able to separate the effect of tenure from other housing or socio-economic factors that vary with it. A well-known US study by Haurin and colleagues, for example, examined the association between home tenure and educational outcomes.^{clxiii} It concluded that there was a clear association between home ownership and better educational outcomes. However, this was not necessarily a function of housing tenure *per se*, rather tenure was associated with broader differences in housing quality, and it was this difference in the home environment that was key to explaining differences in educational outcomes. Similarly, Galster et al examined the impact of childhood housing circumstances on educational outcomes in young adulthood and identified an association between better outcomes and parental home ownership, but this association weakened once frequency of residential moves was taken into account: that is, home owners tend to stay in the same property for longer than renters and this stability is contributing to the positive association with educational outcomes.^{clxiv} A recent study by Cordes and colleagues using data from New York City finds that there is a clear positive association between living in, and moving into, owner occupied housing and educational outcomes. However, once the analysis controlled for differences in property types and the socio-economic characteristics of the households, the effect of tenure was considerably weakened, although still positive.^{clxv}

Studies of this type can be seen as complementary to the body of research which indicates that residential instability – frequent moves, evictions, living in temporary accommodation – in childhood can have a negative impact on educational achievement. This can again be a product of property quality – frequent moves are associated with poorer quality, temporary

or overcrowded accommodation – but also through disruption to school attendance and, for some, the need to change schools. Indeed, a history of residential instability can itself have a negative impact on educational performance because it creates worry about the unknown necessity or timing of future mobility and difficulty in forming social bonds and friendships when they may only be for short periods of time.

While these impacts most directly affect students whose families are subject to housing instability, they can also have important aggregate effects. One US review of the evidence in this field noted that “all students suffer in a school with a large population of highly mobile students”.^{clxvi} Classes with a high proportion of mobile students need to keep reviewing and resetting, going back over material for those with disrupted school attendance. This slower rate of progress can lead to the attainment level of the whole class suffering.

6.4 Protective factors and financial support

As noted in Figure 6.1, any negative effects of poor housing circumstances can be influenced by broader contextual factors. In some cases these broader contextual factors can act protectively and mitigate any negative effects of poor housing. The evidence review of housing instability by Hock and colleagues drew attention to several factors that could operate in this way. These included “friendship, keeping the same school, normalising housing insecurity, home making, having a plan, hope, protective parenting and some interventions”.^{clxvii} Each of these factors had been found, in at least one research study, to mitigate the negative impacts of housing instability. By “interventions” they were referring to initiatives like the Families Intervention Project, which was evaluated as having a positive impact on stress, anxiety and behavioural problems among children.^{clxviii}

Policy can seek to address some of the negative consequences of poor housing by offering disadvantaged households financial support to access broader and better housing opportunities. Evaluations of this type of policy potentially give a different type of more direct evidence regarding the impact of differing housing circumstances. Housing voucher programmes in the US allowed recipient households to avoid homelessness, reduce overcrowding, access better neighbourhoods and allocate more income to non-housing essentials such as food.^{clxix} In the UK support for disadvantaged households has come in the forms of social housing, on the one hand, and housing benefit and the local housing allowance, on the other. Social housing provides greater security, stability and affordability than many residents would be able to access in the private sector, although there can be quality and neighbourhood issues in parts of the sector. Over the last decade and a half, social security benefits have been subject to limitations on eligibility and inadequate uprating: the system has become progressively less generous. Research has been in a position to evaluate not so much the consequences of governments providing financial assistance to households as the consequences of governments reducing such assistance. Reductions in housing benefit after 2011 have been evaluated as increasing the symptoms of depression among adults in the private rented sector, which, as noted above, is likely to have an influence on their children’s wellbeing.^{clxx} These reductions have also been documented to increase overcrowding among residents in the private rented sector, with single-parent families and households with dependent children among those disproportionately affected.^{clxxi}

6.5 Conclusion

This section considered the evidence regarding the way in which different dimensions of housing – poor quality, tenure, location, lack of stability and security, lack of affordability –

can affect some aspects of children's wellbeing and education. The impact of housing can operate through direct and indirect pathways. Identifying the effects of housing is challenging because, as has been noted in previous sections, there are other important factors which vary in similar patterns. Nonetheless, the research literature offers evidence that each of these dimensions of housing is associated with more negative outcomes for children's wellbeing and education. Much of the attention, both in research terms and recent policy, has been directed at quality issues such as damp and mould and their impact on respiratory illness. The direct and indirect consequences of housing instability and insecurity for children's wellbeing and mental health may be less visible, but should also be a key concern.

7. Is it possible to reposition housing in policymaking?

In the previous sections we have discussed some of the many broader social and economic impacts of housing. The hypothesis at the heart of this report is that investment in a better functioning housing system delivering good quality housing can have positive impacts across a wide range of domains including health and wellbeing, personal finances and economic productivity. If we accept that the value of housing is considerable – both in itself and for its impact on other domains – then the question is how that value can be better recognised in policymaking processes and in resource allocation and investment decisions.

This question is closely related to the concept of prevention and preventative spending: the idea that, instead of relying on spending to address acute symptoms, upstream or early intervention can be more effective over time because it is aimed at the root causes of a problem. If we have a degree of certainty regarding causes and effects, and the strengths of relationships, we can see spending on housing and improved housing outcomes as preventative, helping to reduce demand for other acute services.

The new UK Government has re-established a welcome commitment to preventative spending in the public sector. But there are challenges in turning that commitment into reality. Overcoming these challenges is a topic of considerable current interest.^{clxxii} It requires change at the detailed level of the way investments are appraised, but it also requires changes in the broader governance philosophy and approach.^{clxxiii} Embracing prevention can be complemented by thinking about housing as social and economic infrastructure: it provides an underpinning for diverse activities and opportunities right across society.^{clxxiv} This change of governance approach is the focus of this final section.

7.1 The challenge of capturing the value of better housing

Previous governments in the UK and in the devolved nations have recognised the potential power of a shift to prevention, but also acknowledge that in practice it can be difficult to achieve and sustain. This is because it is inherently cross-cutting and longitudinal. Governments are organised into departments covering different policy areas – so-called “silos” – and their budgets are designated to deliver benefits in their own area – housing spending to deliver housing outcomes. If housing spending generates benefits, such as improved health outcomes, then these are not necessarily weighed in the balance when making spending housing decisions because they are benefits that “belong” to another policy area. Conversely, health budgets are for spending on health services and outcomes, rather than housing, because housing is the responsibility of the housing department. Even if everyone agrees that housing has broader value for health, unleashing the spending to realize that value can present organisational challenges. Prevention - such as spending on housing to deliver benefits in health - needs close partnership working between government departments and overcoming silo budgeting to reap the shared cashable benefits of the public spending savings that flow.

These challenges are more difficult to overcome when the valued impact of housing in other domains takes time to appear or does not so easily translate into direct savings in public spending. For example, investing in good quality housing to enhance children's educational development will take many years to show up in a better qualified workforce, which then creates scope for productivity improvements and better economic performance. Ultimately there could be an impact on public spending through improved tax revenues, but it is less direct.

In practice, the experience of governments trying to reorient spending towards prevention in this way has been patchy and often disappointing in terms of outcomes. Evidence going back more than a dozen years has stressed the difficulties of making prevention stick.^{clxxv} It

requires whole government approaches to budgeting and planning and a commitment to incentivise preventative behaviour across government. The Treasury plays a crucial role in the success of moves in this direction. The government departments – housing and health, in our example – both need to agree on the importance of the crosscutting value of housing, but the Treasury ultimately sanctions resource allocations so it also needs to accept and work within a broader framework for thinking about the value of housing and how that can be realized.

If one is making a case for more housing investment based in part on the preventative aspects of these positive impacts in other policy domains, it is important, wherever possible, to clearly evidence the connections, measure the spillover impacts and be able to quantify these connections. This is not easy, but, as we will briefly illustrate, it is certainly possible.

A couple of examples illustrate this potential and the challenges of shifting to prevention in the housing sphere. First, we noted in section three that BRE research looking at the health costs of poor housing in England, Wales and Northern Ireland found that cold homes and trip hazards are costing the NHS billions of pounds that could be prevented through programmes of housing improvements and energy efficiency interventions.^{clxxvi} BRE researchers concluded that in the case of England a programme of such investments could payback in terms of savings to the NHS in 7 to 8 years. This “spending to save” model is, on one level, very attractive, but must overcome departmental silos and resolve which department receives the budgetary benefit from the improved health outcomes. It is also a long-term programme which needs to be in place across multiple electoral cycles to reap the full benefit: different governments need to sign up to its continued priority.

Second, MHCLG is funding a test and learn programme on homelessness and rough sleeping interventions. This is being managed by the Centre for Homelessness Impact.^{clxxvii} Each of the nine trials in the programme has an economic evaluation component, many of which seek to undertake a social cost benefit analysis, wherein the benefits are either monetised valuations of mental health improvement or explicit attempts to capture the avoided costs or savings made because people are not rough sleeping or have moved from temporary to settled accommodation. These avoided costs have been calculated in numerous studies over the years and relate to savings to aspects of the homelessness services, the health service, crime and justice, etc. However, there has been little consistency across these different studies in how the avoided costs over time are assessed. Indeed, one objective of test and learn is to narrow the uncertainty over these measures and develop good practice to their calculation and application. It is worth repeating, however, that just because we can arrive at an annual avoided cost for such an initiative, this does not mean that such a saving is visible or relevant to budget makers and, in a broader sense, that it is cashable.

7.2 Overcoming the challenges

While there are undoubtedly challenges in moving towards this type of more holistic approach to resource allocation, there are some positive innovations underway. We also note their connectedness to the housing sector.

First, councils in Scotland, following the spirit of the Christie Commission’s emphasis on prevention as a key pillar of public service reform, are trying to modernise their approaches to budgeting.^{clxxviii} One major urban council is developing a model where all budget spending and activities are allocated to one of three areas: prevention, early intervention or acute ‘normal’ services. There is an underlying commitment to increase the relative scale of the former two activities. Each council directorate will examine the relative shares of spending between the three headings and establish a plan to shift more resource into prevention and

early intervention over time. This will also involve much more partnership working with corporate budgets and those of other directorates. Housing and homelessness are taking the lead: for example, emphasis is being placed on the need to expand prevention to reduce the inflow into temporary accommodation, as well as developing more and different forms of settled accommodation to increase the outflow.

Second, the State of Victoria, Australia, has developed a multiyear preventative budget setting process^{clxxxix} which ‘books in’ – explicitly recognizes - savings from successful prevention models so that spending departments get a non-trivial share of the savings accumulated.^{clxxx} This model works by first requiring preventative spending proposals to model and quantify the improved outcomes their intervention is expected to achieve. This is then independently modelled in cost benefit terms by the State treasury economists, with the focus on the reduction in spending on acute services. If the proposal passes the threshold, it is allocated funds. The implemented programme is monitored and assessed to see the extent to which it achieves the expected outcomes. Assuming the programme does meet its outcome goals, it is agreed for a given time period: after year 2 savings achieved are apportioned for up to 10 further years, with further prevention being prioritised for this additional spending. The State of Victoria has now several examples of success with this model.^{clxxxi} They argue it has been made possible by a cultural shift on the part of spending departments, as well as the incentive that comes from seeing positive results and opportunities.

7.3 Conclusion

The case for housing investment, along with other beneficial long-term investments, is enhanced by a commitment to prevention. With a more holistic approach to governance, cross-party support and robust evidence, it is possible to make genuine progress towards making policy more prevention focused and effective in capturing the value of housing. It requires cultural and organisational reform across the public sector, so it is by no means easy, but it can be done.

8. Conclusion

This report provided an overview of the direct and indirect links between housing and diverse social and political domains before discussing in more detail the evidence in four crucially important areas: housing and health; housing, economic growth, productivity and the labour market; housing and personal finances; and housing, childhood wellbeing and education.

We have argued that the impacts of housing need to be thought about systemically, recognizing interconnections and the complex pathways through which broader impacts are caused. A recurring theme of our discussion in sections three to six has been that there are considerable challenges in identifying the broader impacts of housing. Some of the problem is methodological – the data are not (yet) good enough – but there are limits on how far it is possible to disentangle what is happening in a complex system in order to isolate the effects of one specific variable: in this case, housing.

We would argue nonetheless that the evidence base supports the view that poor housing has a range of negative impacts in other domains. These impacts hit households unequally and they can produce further inequalities. The aspects of housing that are impactful may vary in each case. In the areas of health and children's wellbeing and education, the evidence indicates that different dimensions of housing – poor physical quality, affordability, stability and security, location – can each have negative implications. There is evidence that, conversely, remedying problems – improving quality, affordability, security – can have positive impacts. In the case of productivity and the labour market, the focus is most often on location and lack of affordability, with the negative consequences of lack of mobility and spatial mismatch between jobs and workers being key. Improving housing supply and affordability would pay dividends economically. The discussion of housing and personal finance is, understandably, primarily focused on affordability and accumulation. The discussion of wealth accumulation and intergenerational wealth transfer is an area in which the broader longer-term consequences of dysfunctional housing market dynamics emerge particularly strongly. Yet, the impacts in each of our other domains are similarly enduring.

Good quality housing provided by a well-functioning housing market has diverse positive impacts across society. Recent government policy pronouncements indicate that the value of housing is being recognised. We have suggested that changing the mindset underpinning policy – thinking in more preventative and infrastructural terms – would allow us to realize the value of housing more fully through more holistic policy approaches. There are policy approaches currently being piloted or deployed in England and beyond, which more fully embody this mindset. While the change is challenging, because there are well-engrained approaches that need to be left behind, it is achievable. The benefits of reorientating thinking in this way would be substantial.

Endnotes

ⁱ The dimensions of adequate housing as identified by the United Nations:

https://unhabitat.org/sites/default/files/documents/2019-05/fact_sheet_21_adequate_housing_final_2010.pdf

ⁱⁱ For an earlier study with a similar aim but a different focus and approach see Zavisca, J. and Gerber, T. (2016) The socioeconomic, demographic, and political effects of housing in comparative perspective, *Annual Review of Sociology*, 42, 347-67.

ⁱⁱⁱ Marsh, A., Gibb, K., Earley, A. and Orr, D. (2024) *Homes for All: A vision for England's housing system*, Church of England/Nationwide Foundation.

^{iv} In this report we do not focus on arguments that there is a moral duty to ensure that people are adequately housed. Relevant references would include: Rights or Justice: Fitzpatrick, S., Bengtsson, B. and Watts, B (2014) Rights to housing: reviewing the terrain and exploring a way forward, *Housing, Theory and Society*, 31, 4, 447-463. Somerville, P. (2018) Housing and social justice, in G.Craig (ed) *Handbook on global social justice*, Edward Elgar; Respect for human life or dignity: for example, Kolocek, M. (2025) The human right to housing through the lens of human dignity as non-humiliation, in Arel, S., Cooper, L. and Hellmann, V. (eds) *Probing human dignity from an interdisciplinary perspective*, Springer; Theological position: for example, The Commission of the Archbishops of Canterbury and York on Housing, Church and Community (2021) *Coming home: tackling the housing crisis together*, Church of England.

^v Marsh et al (2024) p.21.

^{vi} <https://worksinprogress.co/issue/the-housing-theory-of-everything/> [Last accessed: 27/05/25]

^{vii} The dimensions of adequate housing as identified by the United Nations:

https://unhabitat.org/sites/default/files/documents/2019-05/fact_sheet_21_adequate_housing_final_2010.pdf

^{viii} See, for example, Preece, J., McKee, K. and Robinson, D. (2020) Forms and mechanisms of exclusion in contemporary housing systems: a scoping study, Glasgow: UK Collaborative Centre for Housing Evidence (CaCHE). https://housingevidence.ac.uk/wp-content/uploads/2024/04/200204-forms-and-mechanisms-of-exclusion-in-contemporary-housing-systems_final.pdf

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^x See, for example, the classic study by Hiscock, R., Kearns, A., MacIntyre, S. and Ellaway, A. (2001) Ontological security and the psycho-social benefits from the home: qualitative evidence on issues of tenure, *Housing, Theory and Society*, 18, 1-2, 50-66.

^{xi} See Stephens, M. (2020) How housing systems are changing and why: a critique of Kemeny's theory of housing regimes, *Housing, Theory and Society*, 37, 5, 521-547; More generally Grandner, M. and Stephens, M. (eds) (2024) *The Routledge Handbook of Housing and Welfare*, London: Routledge.

^{xii} For example: Ermisch, J. (1999) Prices, parents and young people's household formation, *Journal of Urban Economics*, 45, 1, 47-71; Cooper, D. and Luengo-Prado, M.J. (2018) Household formation over time: evidence from two cohorts of young adults, *Journal of Housing Economics*, 41, 106-123.

^{xiii} For example: Wallace, A., Beer, D., Burrows, R., Ciocănel, A. and Cussens, J. (2025) Algorithmic tenancies and the ordinal tenant: digital risk profiling in England's private rented sector, *Housing Studies*, <https://doi.org/10.1080/02673037.2025.2453005>; Argandoña, A., Malala, J. and Peatfield, R. (eds) (2023) *The home in the digital age*, Routledge.

^{xiv} Watt, P. (2022) Displacement and estate demolition: multi-scalar place attachment among relocated social housing residents in London, *Housing Studies*, 37, 9, 1686-1710.

^{xv} For example: Murie, A. (1997) Linking housing changes to crime, *Social Policy & Administration*, 31, 5, 22-36; Flint, J. (ed) (2006) *Housing, urban governance and anti-social behaviour: perspectives, policy and practice*, Bristol: Policy Press; Colquhoun, I. (2007) *Design out crime*, London: Routledge.

^{xvi} For example, Foye, C., Clapham, D. and Gabrieli, T. (2018) Home-ownership as a social norm and positional good: subjective wellbeing evidence from panel data, *Urban Studies*, 55, 6, 1290-1312.

^{xvii} For example, Ansell, B. (2019) The politics of housing, *Annual Review of Political Science*, 22, <https://doi.org/10.1146/annurev-polisci-050317-071146>; Adler, D. and Ansell, B. (2020) Housing and populism, *West European Politics*, 43, 2, 344-365.

^{xviii} For example: Higney, A. and Gibb, K. (2024) Net zero retrofit of older tenement housing – The contribution of cost benefit analysis to wider evaluation of a demonstration project, *Energy Policy*, 191, <https://doi.org/10.1016/j.enpol.2024.114181>

^{xix} For an analogous argument which focuses on another part of the system map - from broader socio-economic factors towards poor housing and its health consequences - see Sharpe, R., Taylor, T., Fleming, L., Morrissey, K., Morris, G. and Wigglesworth, R. (2018) Making the case for “whole system” approaches: integrating public health and housing, *International Journal of Environmental Research and Public Health*, 15, 2345, doi:10.3390/ijerph15112345.

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^{xxi} See, for example, Clair, A. and Baker, E. (2022) Cold homes and mental health harm: evidence from the UK household longitudinal study, *Social Science & Medicine*, 314, 115461, <https://doi.org/10.1016/j.socscimed.2022.115461>; Bentley, R., Baker, E., Ronald, R., Reeves, A., Smith, S.J, Simons, K. and Mason, K. (2022) Housing affordability and mental health: an analysis of generational challenge, *Housing Studies*, 37, 10, 1842-1857; Arundel, R., Li, A., Baker, E. and Bentley, R. (2024) Housing unaffordability and mental health: dynamics across age and tenure, *International Journal of Housing Policy*, 24, 1, 44-74.

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^{xxiii} Baker, E. and Bentley, R. (2023) p.199; “avoidable” choice: see Clair, A. and Baker, E. (2022).

^{xxiv} Boyle, S. and Husbands, J. (2020) *A New Case for Social Housing*, Shelter Scotland et.al.: Edinburgh. Publication forthcoming. See https://scotland.shelter.org.uk/professional_resources/policy_library

^{xxv} Summarised in Boyd, K., Jaiswal, N., Manca, F., James, G. and Gibb, K. (forthcoming) *Housing Quality and Health: a Cost Consequences Analysis – Report to the Scottish Futures Trust and Public Health Scotland*. School of Health and Wellbeing, University of Glasgow.

^{xxvi} Garrett, H., Mackay, M., Margoles, S. and Nicol, S. (2012) *The cost of ignoring poor housing BRE Group – The Cost of Poor Housing to the NHS* (1) [The cost of poor housing to the NHS - BRE Group](#) (2) [BRE the Cost of ignoring Poor Housing Report Web.pdf \(bregroup.com\)](#)

^{xxvii} Marmot, M. et al (2024) *Building Health Equity: The Role of the Property Sector in Improving Health*, Institute of Health Equity: London; Marmot, M. et al (2025) *The Role of the Property Sector in Improving Health*, in Shelter Policy Team (eds) *Safe as Houses: Why Investment in Social Housing is Great for Us and our Economy*. Shelter: London.

^{xxviii} Marmot, M. et al, 2025, p56.

^{xxix} Palacios, J., Eichholtz, P., Kok, N., and Aydin E. (2021) The impact of housing conditions on health outcomes, *Real Estate Economics*, 49 (4) pp. 1172-2000. <https://onlinelibrary.wiley.com/doi/10.1111/1540-6229.12317>

^{xxx} Boyd, K. et al, forthcoming.

^{xxxi} Thomson, H. and Thomas, S. (2015) ‘Developing empirically supported theories of change for housing investment and health’, *Social Science and Medicine*, 124, 205-14.

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^{xxxiii} Thomson, H. and Thomas, S. (2015) p.212.

^{xxxiv} Thomson, H. et al (2009).

^{xxxv} Fenwick, E., Macdonald, C., and Thomson H. (2013) Economic analysis of the health impacts of housing improvement studies: a systematic review, *Journal of Epidemiology and Community Health*, 67, 10, 835-45. doi: 10.1136/jech-2012-202124; Thomson, H. et al (2009).

^{xxxvi} Fenwick, E. et al (2013) p.837.

^{xxxvii} Boyd, K. et al, forthcoming.

^{xxxviii} Buck, D., Simpson, M. and Ross, S. (2016) *The Economics of Housing and Health: The Role of Housing Associations*. King’s Fund.

^{xxxix} Buck, D. et al, p.6.

^{xi} McCartney et al identify relevant studies by searched through peer-reviewed literature databases, an internet-based search of relevant grey literature, and from papers that cite one of two key systematic reviews. See McCartney, G., Hearty, W., Taulbut, M., Mitchell, R., Dryden, R. and Collins, C. (2017) 'Regeneration and Health: A Structured Rapid Literature Review', *Public Health*, Vol. 148, pp.69-87.

^{xli} See also Gibb, K., Lawson, L., Williams, J. and McLaughlin, M. (2020) *The Impact of Social Housing: Economic, Social, Health and Wellbeing*, SFHA: Glasgow.

^{xlii} DiTosto, J.D., Holder, K., Soyemi, E., Beestrum, M., and Yee, L.M. (2021) Housing instability and adverse perinatal outcomes: a systematic review, *Am J Obstet Gynecol*, MFM. 3(6):100477

^{xliii} Long, H. & Cullum, N. (2024) 'Rapid Evidence Synthesis: What is the health impact of poor housing?' University of Manchester, accessible online at: [https://documents.manchester.ac.uk/display.aspx?DocID=72887#:~:text=There%20is%20low%20to%20moderate,number%20of%20falls%20at%20home](https://documents.manchester.ac.uk/display.aspx?DocID=72887#:~:text=There%20is%20low%20to%20moderate,number%20of%20falls%20at%20home;); summarized in Boyd et al, forthcoming.

^{xliv} See also Boyd, K. et al, forthcoming.

^{xlv} We note that recent PhD research has highlighted such pathways in the private rented sector: Brady, E, 2025, Wellbeing in the UK PRS: a longitudinal analysis of outcomes for families and children, University of Glasgow.

^{xlvi} Boyd, K. et al, forthcoming; Palacios et al (2021) provides an example of the type of study advocated.

^{xlvii} McCartney, G. et al (2017).

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