Unlocking empty properties to drive economic recovery
Housing as an economic driver

Housing plays a crucial role in economic and social success. The relationship between housing and the economy is an important and complex one. It has a profound effect on the wider economy in many ways, including:

• The contribution of investment in housing to overall economic activity
• The relationship between housing and labour market flexibility
• The cost of housing market failures, and
• The effect of housing affordability on the overall competitiveness of the economy

A focus on housing is a key part of the solution to recent, and anticipated, economic and social instability. Getting the right mix of homes and tenures to suit a local area’s economic and social need will be crucial. Increase the supply of housing will help to:

• Stimulate economic recovery by contributing directly to local economic output and jobs
• Constrain excessive and inequity in house price growth
• Improve labour markets
• Address housing shortage
Housing needs innovative delivery models

The deal offers modest investment in housing:

- £38m per year for 30 years for local priorities
- £3.2m for pipeline housing sites
- New powers on housing and planning
- Bidding into new £400m Brownfield Fund
- Strategic Place Partnership with Homes England

New central Government focus on Build, Build, Build...

New build housing is an essential part of the mix but it can be slow and controversial

Make existing (empty) homes a policy imperative
The opportunity of empty properties

Estimates are:

• Approximately 216,000 long-term (empty for over 6 months) empty homes in England (equiv 72% of new homes target) estimated that over 600,000 homes are currently empty

• No up-to-date reliable information on empty commercial properties but OPDM (2003) estimated there was potential for 420,000 new homes (need appropriate and aspiring housing standards to work!)
The case for empty properties

**Housing Need** – there is a shortage of homes to meet demand, homes need to be affordable, huge waiting list, poor-quality homes.

**Environmental** – construction waste accounts for 1/3 of all waste, redevelopment of existing sites curtails urban sprawl, opportunity to integrate with new retrofit funding

**Social** – empty buildings aesthetically impact on an area, hinder local economy, perpetuate negative place narratives

**Business/revenue** – new council tax receipts, new homes bonus, rental income, housing market, retrofit is an SME employment opportunity
Need a [re]focus on empty properties

- A sub-regionally led but locally engaged focus
- Needs to take a tailored engaged approach not rely on enforcement
- Products/approaches including lease and repair can be highly successful
- A successful pilot programme in GM led to a significant increase in empty homes in use again.

Prof. Phil Brown  
P.a.brown@hud.ac.uk  
Professor of Housing and Communities  
University of Huddersfield
Psychological and infrastructure-related challenges to post-covid city-centre retail

Dr RICHARD WHITTLE
R.WHITTLE@MMU.AC.UK
Thanks to the Productivity Insights Network for Funding this pilot research.

• An exit from lockdown allows us to consider what socially distant physical economic activity will look like. The retail and hospitality sectors will be crucial to recovery, however these traditional cash heavy sectors have key barriers to operation arising from the need to socially distance. In particular their physical premises and reliance on cash.

### Academic Collaborators
- Stuart Mills (London School of Economics).
- Gavin Brown (University of Liverpool).
Let’s just cut to the chase

This is an unusual, often terrifying, generally unfamiliar situation.
For which we (all) are behaviourally unprepared.

• This can manifest in numerous ways:
  1. Denial
  2. Anger
  3. Fear
  4. Caution
  5. Non-engagement
After the curve...
Competing effects on physical consumption

01
Ultimately the fear and choice prompt a move to online consumption.

02
The convenience of this AND the continued fear and uncertainty prevent people from simply going back (this is not necessarily behavioural).

03
The fear may dissipate, the convenience will remain.
An estimation of change
Physical activity must now adapt to the convenience of online.

Traditionally safe, ‘physical retail’ demographics can no longer be relied on.

The standard approach of developing an experiential physical offering is less viable.
The fear and uncertainty must be reduced (where safe)

• Very difficult as comms and information develop from media and national government.

• Local position and messaging gets lost or replaced.

• But key information transmission options are developing, with the merging of online and physical activity.
City Centre Retail has a key interest in this:

- Messaging around precautions, social distancing, hygiene are key.
- As are normalising precautionary behaviours.
- Public transport needs strong positive messaging (where safe). Especially normalising mask behaviours.
Psychological and infrastructure-related challenges to post-covid city-centre retail

Dr RICHARD WHITTLE
R.WHITTLE@MMU.AC.UK
@Whittle_Econ
Rethinking Value for Regional Recovery

Andrew Brown and Elke Pirgmaier
University of Leeds
Rethinking Value for Regional Recovery: Recommendations

• The importance of integrated provisioning, avoiding silos, in regional recovery planning cannot be overemphasised.

• Therefore system-of-system valuation principles can aid regional economic recovery planning.
## Comparison of standard and ‘system-of-systems’ valuation principles

<table>
<thead>
<tr>
<th></th>
<th>Standard (‘microeconomics’)</th>
<th>Alternative (‘system of systems’ economics)</th>
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</thead>
<tbody>
<tr>
<td><strong>Wellbeing is...</strong></td>
<td>One-dimensional ‘subjective utility’</td>
<td>Multi-dimensional ‘human flourishing’</td>
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<tr>
<td><strong>Money is...</strong></td>
<td>Measure of wellbeing</td>
<td>Not sole measure of wellbeing</td>
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<tr>
<td><strong>Vision of...</strong></td>
<td>Market allocation of scarce resources</td>
<td>Profit system of social provisioning</td>
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<tr>
<td><strong>Basic principle is...</strong></td>
<td>Monetise costs and benefits to assess options</td>
<td>Analyse value creation and distribution to develop and assess options</td>
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<tr>
<td><strong>Theory of change is</strong></td>
<td>Static equilibrium</td>
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<td><strong>Decision-making under...</strong></td>
<td>Probabilistic risk</td>
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<tr>
<td><strong>Preferences are...</strong></td>
<td>Pre-given and unchanging (‘exogenous’)</td>
<td>Shaped by, and change with, provisioning (‘endogenous’)</td>
</tr>
<tr>
<td><strong>Applicable scale is...</strong></td>
<td>Small-scale interventions impacting on part of system (‘marginal’)</td>
<td>Large-scale interventions impacting on system-of-systems (‘non-marginal’)</td>
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Multidimensional wellbeing and value

• We cannot rely single dimensional valuation in regional recovery strategy
• Need to systematically incorporate and measure multiple domains of value (long term economic, social, environmental, cultural, technical)
• E.g. Nobel Laurate, Amartya Sen’s ‘capabilities approach’
Value creation and capture

• We need to incorporate value creation and value capture processes in regional recovery
• Draw from Marianna Mazzucato’s approach to value in innovation and industrial strategy ‘missions’
• Informs *place-based* strategy
Shaping future preferences

• Values and preference are changing in the crisis
• Regional recovery strategy should consider how to help shape future values and preferences.
  • ‘endogenous preferences’
• E.g. building good and attractive cycle infrastructure can increase preference for cycling in the regional
  • See HMT Green Book *Valuing Infrastructure Spend* Supplementary Guide
Lessons from and Expectations of Small Business Post-Covid: Digital Transformation, Productivity & Growth
Project Team

Dr David Spicer, Director of Business Engagement, Senior Lecturer (People, Organisations & Entrepreneurship)
D.P.Spicer@Bradford.ac.uk; @DavePSpicer

Prof Sankar Sivarajah, Professor of Technology Management
Dr Kamran Mahroof, Lecturer in Supply Chain Analytics
Dr Samuel Adomako, Lecturer in Strategy & Entrepreneurship
Prof Vishanth Weerakkody, Professor of Digital Governance

@BradManagement
SME Response to Covid Research

The University of Bradford, led by the School of Management, is conducting research and building programmes aimed at identifying and responding to key issues faced by small and medium sized businesses.

First phase has two elements:

1. Focus Groups recognising best practices and exploring ways in which those businesses can rebuild and grow following Covid-19
   - 65 participants; 34 small firm owners; 21 other management; 10 ‘sector representatives’
   - 15 female; 28 of BAME background

2. Survey of SMEs assessing response to Covid, plans following and opportunities from growth
   - Over 250 responses to date
Initial Findings: Impact of Covid

- Approx. 60% of focus group respondent firms indicated that Covid had significantly and negatively affected their business, but 1 in 5 identified a positive impact.

- Government help and support welcomed but this does not cover all sectors/types of employment.
  - Most valued: Furlough (calls for this to be extended); Rates Relief; Bounce Back loan

- Small firms unprepared for a shock of this nature but have demonstrated resilience through agility and adaptability.

- Most firms expect to recover – but typically think this will take 2-3 years and most expect business models to be significantly altered by the impact of Covid.
“Covid has turned a ten year change into a three month digital transformation”

- Vast majority of firms indicted that Covid has accelerated their uptake of new technology and that this had been beneficial.
- Most reported that this technology would continue to alter their strategy and operations post Covid, changes in include increased use of virtual meetings and increased sales though virtual channels (including a sub-set of firms who had relied on/expected face-to-face).
- Expected to maintain some levels of homeworking post Covid and some firms indicated that they were already seeking to downside offices/premises as a result.
- Challenges include relationship building, social engagement & mental health.
- Small group of ‘personal service’ firms to whom this would not apply.
Productivity

“We’ve learnt how productive we can be with less staff – it is likely that we will not be bring everyone back from furlough”

- All respondents suggested Covid had a significant impact on productivity
- Majority felt that this impact was largely positive. Explanations included benefits of homeworking; process improvements as a result of technology; enhanced commitment and contributions from those retained; refocused priorities and streamlined activities

- As a result – redundancies are likely, firms considering reducing office spaces and some moving operations online
“We’ve used the opportunity presented by Covid to fundamentally review and update our strategy. Whilst the downturn has been challenging we are in a much better place to grow as a result.”

- Majority expect businesses to recovery in medium term
- Over 60% felt that they would be looking to grow the business following Covid, with most of these suggesting that this would be driven in part through innovations that had come as a result of the crisis
Expectations

- Retail, leisure and ‘face to face’ businesses – clarity, consistency and confidence on ‘new normal’ and regulation of the same
- New approach to real estate – from changes in rates and leases to different spaces and demand for the same – likely lower demand for physical spaces post Covid
- Support for cash flow and appropriate financing
- Infrastructure, support and upskilling for digital transformation
- Strategic development
Next Steps...

- Complete the Phase 1 research
- Pilot Peer-to-Peer workshop for hardest hit/most challenged sectors
- Senior Leaders Toolkit: Supporting Growth in Smaller Firms
- Enhanced Innovation support

HOW YOU CAN HELP:

1. Complete the survey:
   https://bradmanagement.eu.qualtrics.com/jfe/form/SV_0vWHSoJVpx04Ymx

2. Register your interest in participating in the focus groups:
   D.P.Spicer@bradford.ac.uk
Informing decision-making in Cities & Towns: Participatory Value Evaluation (PVE), a new appraisal tool (ready-to-use!)

Dr Thijs Dekker
Dr Manuel Ojeda-Cabral
Institute for Transport Studies
University of Leeds
Why...?

Many decisions to make, and quickly!
And with limited budget!

Appraisal system (CBA) not fit for purpose

Do we know what citizens of West Yorkshire want?
- ‘Challenging areas’
- Preferences have changed
- Urban vs sub-urban

Let’s see the current context as an opportunity...
(...not often we get a chance to reshape cities and towns!)
Willingness to pay? Not always ok!

Willingness to pay from private means (e.g. after tax income) great for determining prices of consumer goods.

The way people spend their own money is not necessarily the same as how they would want the government to spend public budget.
For example: Transport PVE

16 projects
Total cost = 400m

Budget = 100m

2200 respondents
(in 4 experiments)
Web tool prototype – ready to use
Key Outcomes

• Ranking of optimal portfolios

• Sensitivity analysis to:
  • Budget assumptions
  • Project impacts

• Supportive qualitative statements

• Key strength: Welfare economics still possible!

The Green Book (p.5): “Economic appraisal is based on the principles of welfare economics – that is, how the government can improve social welfare or wellbeing, referred to in the Green Book as social value”.
Used by Dutch government on a range of areas

- Flood protection program
  (Ministry of Infrastructure and Water Management)

- Transport Authority Amsterdam

- Sustainable energy projects
  (Natural gas-free neighbourhoods)
Political and application context

- Positive response from policy makers!
- Dutch government exploring opportunity to position PVE alongside CBA
- PVE actively mentioned in debate on climate budget (Nov 2019)

Application opportunities:

- Virtually non-limited
- Fits well with “place-making” policy agenda and climate emergency
- Brings together, in one single study, several areas (place-making, transport, health, environment) and many different investment options
Why...?
Many decisions to make, and quickly!
And with limited budget!

What?
Participatory Value Evaluation (PVE) to prioritise investment
Strategy/Vision
Evidence-base
Appraisal system

How?
PVE large survey in e.g. West Yorkshire
• Low-cost
• Fast implementation
• Better suited than CBA

Let’s see the current context as an opportunity...
(...not often we get a chance to reshape cities and towns!)
Please do get in touch if you are interested in using the PVE tool:

Manuel: M.A.OjedaCabral@leeds.ac.uk

Thijs: T.Dekker@leeds.ac.uk