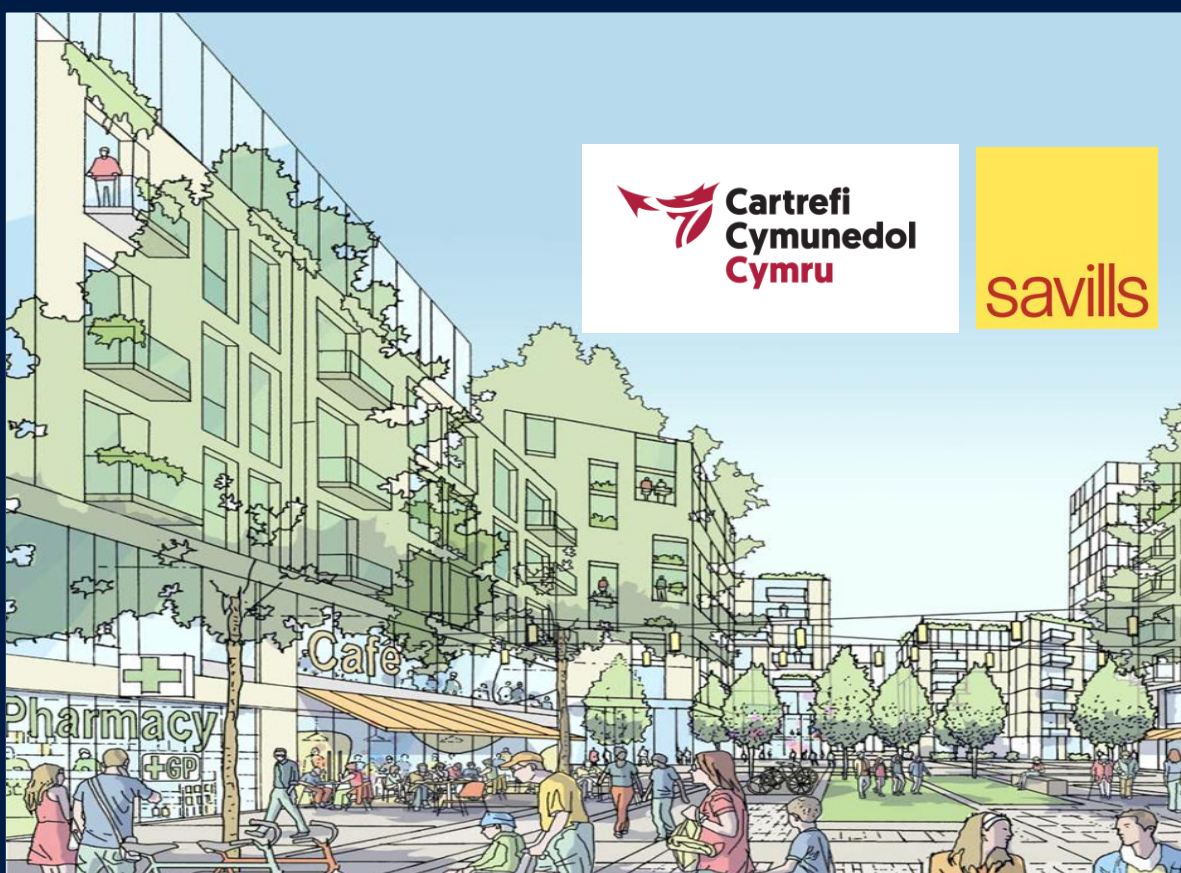


Impact on Public Services

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1. Introduction

1.1. Background

- 1.1.1. Savills (UK) Limited ('Savills') has been commissioned by Community Housing Cymru (CHC) to assess the impact of Welsh housing associations.
- 1.1.2. CHC is the voice of housing associations in Wales. They represent 30 not for profit housing associations who provide almost 174,000 homes to 10% of the Welsh population. Their members work throughout Wales, providing homes and services to a wide range of people. As an influential voice, CHC works to secure stable and sufficient funding, alongside a policy framework that supports investment in new and existing homes and support services.
- 1.1.3. This commission seeks to demonstrate the impact of housing associations on the Welsh economy. It seeks to provide robust analysis of the housing associations' impact, focusing on three themes:
 - People;
 - Economy; and
 - Public Services.

1.2. Purpose

- 1.2.1. This report addresses the second theme 'Impact on Wider Welsh Public Services' and demonstrates that housing association homes reduce the strain on public services, in particular the NHS, social care and police.
- 1.2.2. The key areas this report will focus on, include:
 - Reduced spend on temporary accommodation services;
 - Improved educational attainment and reduction of people not in employment, education or training; and
 - Savings for the NHS due to access to adequate housing and reduced homelessness.
- 1.2.3. This report will quantify the savings to public services in Wales generated by the delivery of housing association homes.

2. Impact on Wider Public Services Indicators

2.1. Introduction

- 2.1.1. Housing association homes have a significant positive impact on welfare and life opportunities contributing to improved health outcomes, reduced rates of crime, and fewer disruptions to education. This can reduce the burden on public services (in particular the NHS, social care and police), by reducing tenants need to access services which in turn reduces the cost-of-service delivery.
- 2.1.2. This section provides a summary of the benefits and fiscal savings to the Welsh and UK public services associated with the delivery of housing association homes. It details the sources and reasoning behind the impact of increased housing association homes to public services.

2.2. Literature Review of Savings to the Public Sector

- 2.2.1. Savills carried out a comprehensive review of how new housing association homes can reduce the strain on public services. This drew on desk-based research, existing Savills models, and reports suggested by the CHC. The main findings are listed in **Table 2.1** below.

Table 2.1 Literature Review of Key Social and Environmental Indicators

Phase	Social and Environmental Indicator	Details	Source(s)
Construction Phase	NHS Savings through Unemployment Reduction	Reducing unemployment can create NHS savings. Based on average health costs for Wales of £3,665 (2025) per person, we estimate the cost savings of reducing unemployment to be £1,222 per person, based on Oxford Economics Cost-Benefit analysis'.	Associated NHS savings with returning to work based on the Oxford Economics Cost-benefit analysis for the Department for Work and Pensions (2020). ONS Country and Regional Analysis, Table A.15, 2023/24
	Central Government Tax Revenue from Construction	Construction of new social homes will bring about additional tax revenue in the form of VAT, income tax, and national insurance contributions for central government.	Resident and Workplace Earnings, ASHE, 2025. UK Tax Guidance, 2025. Business Population Estimates, ONS, 2024. HMRC, 2025.

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		<p>For income tax, Savills apply the 20% basic rate for net additional construction employment across 20,000 new housing association homes. The average salary in Wales is £34,609¹.</p> <p>For national insurance contributions, Savills apply the Class 1 National Insurance threshold of 8% of earnings above £242 per week against the average weekly salary in Wales (£666).</p> <p>For VAT, the national ratio of Construction VAT to Construction turnover (from Business Population Estimates) was applied. The ratio sits at approximately 3 pounds per £100 of turnover.</p>	
Operational Phase	Public Savings from Anti-Social Behaviour Crime Reduction	<p>Good quality housing has been directly linked to a reduction in the burden on police services.</p> <p>The Greater Manchester Unit Cost Database values the costs saved relating to Anti-Social Behaviour crime events at £803 per event (once adjusted to 2025 prices).</p>	GMCA Unit Cost Database, 2024.
	Public Savings Disruptions to Education	<p>Insecure housing adversely affects a child's wellbeing and may impact their education through absenteeism, sleep</p>	Still living in Limbo, Shelter, 2023.

¹ Estimates from Totaljobs show that construction salary in Wales is not far from this average, sitting at £32,500 (2025).

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		<p>problems and academic stress.</p> <p>The Hyde Group (2020) values the costs associated with disruptions in children's education as £14,292 per child per year over eight years of mainstream schooling post-seven years of age (2025 prices).</p> <p>Using the figures for school aged Temporary Accommodation residents moving to Long Term accommodation (taken from StatsWales) provides a filter to distinguish children in housing insecurity and at risk of missing education. Using Census 2021 data the age groups for children taking up the 20,000 was estimated.</p>	<p>The Value of a Social Tenancy, Hyde Group, 2020.</p> <p>ONS Census, 2021.</p> <p>StatsWales, 2025.</p>
	Public Expenditure Saved per Child from Alleviated Overcrowding	<p>Children housed in poor quality or overcrowded housing are widely acknowledged to be more likely to suffer problems with their education.</p> <p>Poor education performance of school-aged children is likely to lead to additional expenditure on the part of education authorities in the form of additional teaching support and other resources.</p> <p>Shelter (2018) and Development Economics (2018) estimate that alleviating overcrowding saves £297 per child in additional public-sector</p>	<p>Shelter & Development Economics, 2018.</p>

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		education expenditure (2018 prices, £382 in 2025 prices).	
	Savings from reduced spend on temporary accommodation	<p>The provision of new social homes will support reductions in local authority expenditure on temporary accommodation.</p> <p>Shelter value the reduced costs of temporary housing / statutory homelessness to be £15,497 per household (2025 prices).</p>	<p>The Cost of Crisis, Shelter Cymru, 2024.</p> <p>Welsh Government, Homelessness and Social Housing Allocation (Wales) Bill: integrated impact assessment.</p>
	Reduced Cost of Homelessness to Public Sector	<p>Research undertaken to develop the Homelessness and Social Housing Allocation (Wales) Bill estimates that the total cost of homelessness to the public service was c.£275m in 2023-24. Excluding the costs associated with Temporary Accommodation, reducing homelessness benefits the wider public services £4,700 per household.</p>	<p>Welsh Government, Homelessness and Social Housing Allocation (Wales) Bill: integrated impact assessment</p>
	NHS Service Use Savings	<p>As set out in the MHCLG Appraisal Guide (2025), poor quality housing can have an impact on health. The provision of 20,000 new social homes of high quality will therefore have a positive impact on health and result in NHS savings.</p> <p>The Building Research Establishment (BRE) has an established model to estimate the impact of poor housing on the NHS. This has been widely quoted by</p>	<p>MHCLG Appraisal Guide & Building Research Establishment, 2025.</p>



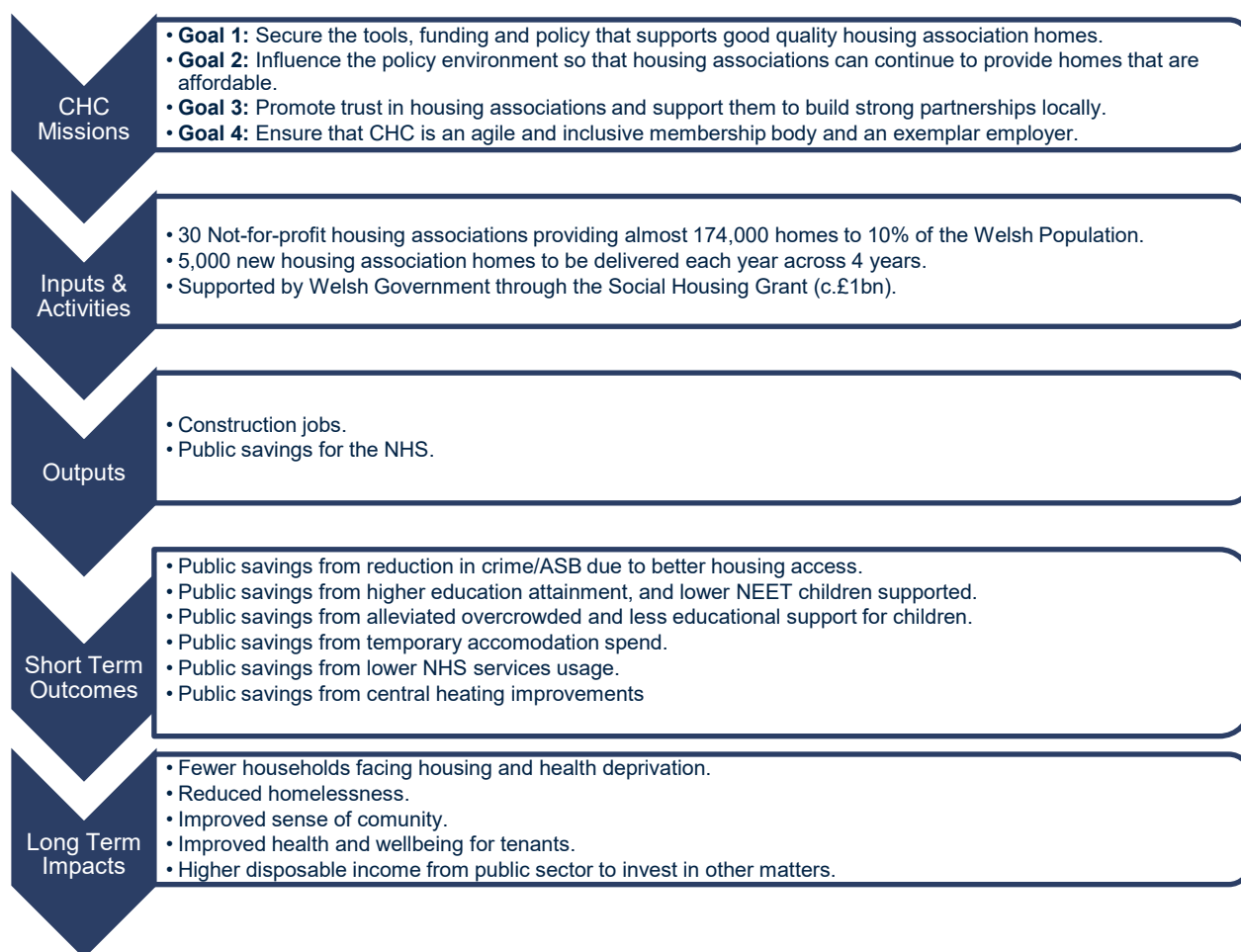
		<p>the World Health Organisation (WHO), National Housing Federation and Age UK.</p> <p>The model's average saving to the NHS from reducing Category 1 hazards² through high-quality housing is £520 per unit per year (2025 prices). This is then applied to the specific probability of housing a household assessed with Category 1 hazards. However, this average does not consider the hazards involving absence of central heating, to avoid overlap with the Central Heating benefits.</p>	
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Source: Savills, 2025

² Category 1 Housing Health and Safety Rating System (HHSRS) hazard include: Excess cold, falls, damp, fire, lead, hot surfaces, radon, collision and entrapment, overcrowding, entry by intruders, pests, sanitation, food safety, electrical problems, ergonomics, structural collapse, noise, carbon monoxide, and excess heat.

2.3. Theory of Change

- 2.3.1. The below Theory of Change model sets out the causal relationship between the broader goals of the CHC, the operation of its housing association membership base, and the short and long-term benefits of delivering housing association homes.

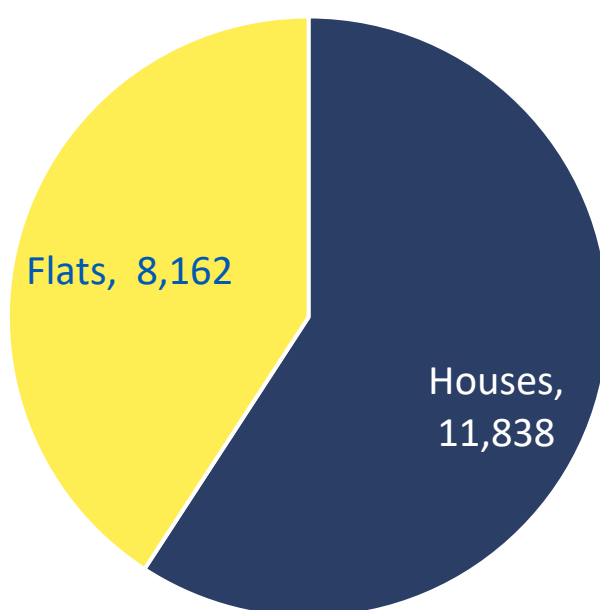


2.4. Modelling Assumptions

- 2.4.1. The literature review and theory of change have informed the modelling and methodologies applied in Section 3 and Section 4. The model estimates the fiscal savings and revenue generated for the public sector via the delivery of 20,000 new housing association homes to people across Wales, over a 4 year impact period, and a standard 30-year impact period. This has been split by construction and operational phases.
- 2.4.2. The model assumes a uniform split in deliveries across the 4-year period, with 25% of homes completed per year.

2.4.3. The model also includes an historic share of new social homes delivery of approximately 59% for houses, and 41% for flats, based on historic delivery trends by housing associations.³

Figure 2.1 New Social Homes Split



Source: Savills, 2025

2.4.4. The dwelling mix of houses and flats delivered over the 4 year delivery period is set out in **Table 2.2** below.

Table 2.2 Forecasted Dwelling Mix

	Yr 1	Yr 2	Yr 3	Yr 4	Total
Homes	2,959	2,959	2,959	2,959	11,838
Flats	2,041	2,041	2,041	2,041	8,162
Total	5,000	5,000	5,000	5,000	20,000

Source: Savills, 2025

2.4.5. The costs of construction have risen rapidly in recent years, making it hard to identify the average construction cost for a housing association home. Available data, including average costs submitted by a subset of Welsh Housing Associations, suggests that a cost of £3,300 per square metre is common for social house building in Wales. Savills further draw on CHC construction cost estimates. These rely on a variety of

³ See more details: <https://statswales.gov.wales/Catalogue/Housing/New-House-Building/newdwellingscompleted-by-area-dwellingtype-numberofbedrooms>

up-to-date sources such as 'Checktrade', and UK Estates, and the Welsh Development Quality Requirements 2021⁴.

2.4.6. Therefore a average construction cost of £239,367 (2025 prices) per dwelling has been adopted . **When scaled to the delivery of 20,000 new housing association homes with the dwelling mix above, this gives an overall construction value of £4.8bn (2025 prices).**

2.4.7. The key modelling assumptions for specific indicators are set out below in **Table 2.2**, and include public services provided by Welsh Government and / or Local Councils.

Table 2.2 Modelling Assumptions

Phase	Indicator	Assumptions	Source(s)/Rationale
Construction	NHS Savings through Unemployment Reduction	Persistence of Impact: 4 years NHS savings due to reduced unemployment (2025 prices): £1,222 per person per year Discount Rate: 3.5%	Persistence of Impact: Aligned to construction period. NHS Savings through Unemployment Reduction: Associated NHS savings with returning to work based on the Oxford Economics Cost-benefit analysis for the Department for Work and Pensions (2020). ONS Country and Regional Analysis, Table A.15 UK identifiable expenditure on services by function per head (1), 2019-20 to 2023-24 (continued) Discount Rate: Standard discount rate (Green Book, 2022).
	Central Government Tax Revenue from Construction	Construction Value: £4.8bn Construction Employment: 5,501 employees Construction Salary: £34,609 Income Tax: Basic Rate 20% NI Tax: 8% on earnings above £242/week VAT: Construction to Taxes Ratio: £3 for every 100 Persistence of Impact: 4 years	Construction Employment: Savills – based on construction costs divided by turnover per construction worker in Wales. Construction Salary: ASHE, ONS, 2024. Income & NI Tax: UK Government, 2025. Construction to Taxes Ratio: HMRC, 2025 and Business Population Estimates, ONS, (2024). Persistence of Impact: Aligned to construction period. Discount Rate: Standard discount rate (Green Book, 2022).

⁴ See more: <https://www.gov.wales/sites/default/files/publications/2021-08/development-quality-requirements-for-housing-associations.pdf>

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		Discount Rate: 3.5%	
Operational Phase	Public Savings from Anti-Social Behaviour Crime Reduction	<p>Proportion of Welsh ASB Crimes related to Social Housing: 33.3% (1/3).</p> <p>20,000 housing association homes ASB crimes as a proportion of Welsh Social Housing ASB crimes: 8% total, 2.1% per year.</p> <p>Reduction in Crime: 10%</p> <p>Persistence of Impact: 10 years</p> <p>Monetary Cost of Crime per Event (2025 prices): £793</p> <p>Manchester to Wales Adjustment Factor for Social Value: 1.01</p> <p>Discount Rate: 3.5%</p>	<p>Proportion of Welsh ASB Crimes related to Social Housing: one in three reports of anti-social behaviour crimes in Wales came from people living in social housing. New and improved homes can lead to general public realm improvements, deterring some incidences of anti-social behaviour (ASB), Shelter (2023).</p> <p>20,000 housing association homes as a Proportion of Total Social Housing Stock: Social Housing Stock, StatsWales, 2024.</p> <p>Reduction in Crime: Future High Street Fund guidance suggests a 10% reduction is reflective of an intervention that directly targets crime reduction. Savills feel that this is reflective of housing associations interventions with anti-social behaviour crimes.</p> <p>Persistence of Impact: A 10-year impact persistence is used to account for alternative interventions coming forwards over the 30-years.</p> <p>Fiscal Cost of ASB Crime per Event: GMCA Unit Cost Database, 2024.</p> <p>UK to Wales Adjustment Factor for Social Value: Comparison of Net annualised household income UK vs Wales⁵ (ONS, 2020).</p> <p>Discount Rate: Standard discount rate (Green Book, 2022)</p>
	Public Savings from Reduced Disruption to Education	<p>Education Saving per Child per Year of Mainstream Schooling (2025 prices, Welsh adjustment factor): £14,292 per child per annum.</p> <p>Average take up of social housing by individuals in</p>	<p>Education Saving per Household Hyde Group, 2020.</p> <p>Average take up of social housing by individuals in temporary accommodation – under age 16: Individuals successfully moved from short temporary accommodation to suitable long term accommodation (social homes), StatsWales, 2025.</p>

⁵<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2020>

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		<p>temporary accommodation – under age 16: 19.6%</p> <p>Projected Occupancy of New Social Homes by Single Age 0-15: 31.6%.</p> <p>Persistence of Impact: 30 years</p> <p>Discount Rate: 3.5%</p> <p>UK to Wales Adjustment Factor for Social Value: 1.14</p>	<p>Projected Occupancy and age: StatsWales, the share of the individuals in temporary accommodation who successfully moved to long term accommodation.</p> <p>UK to Wales Adjustment Factor for Social Value: Comparison of Net annualised household income UK vs Wales⁶ (ONS, 2020).</p> <p>Discount Rate: Standard discount rate (Green Book, 2022).</p> <p>Persistence of Impact: In line with impact period.</p>
	Public savings per child from alleviated overcrowding	<p>Public savings per child from alleviated overcrowded housing (2025 prices): £382</p> <p>Persistence of Impact: 30 years</p> <p>Discount Rate: 3.5%</p> <p>Share of households with children in overcrowded houses-Wales: 1.7%</p> <p>Estimated Average number of dependent children per family – England and Wales: 1.7</p>	<p>Public savings per child from alleviated overcrowding: Shelter & Development Economics, 2018.</p> <p>Persistence of Impact: In line with impact period.</p> <p>Discount Rate: Standard discount rate (Green Book, 2022)</p>
	Savings from reduced spend on temporary accommodation	<p>Average cost per household for Welsh Government (2025 prices): £15,497</p> <p>Average take up of social housing by individuals in temporary accommodation: 19.6%.</p> <p>Persistence of Impact: 30 years</p> <p>Discount Rate: 3.5%</p>	<p>Average cost per household for Welsh Government: Shelter Cymru (2024) estimates around £99m spend by the government and local authorities in temporary accommodation for c.6,495 households.</p> <p>Average take up of social housing by individuals in temporary accommodation: Individuals successfully moved from short temporary accommodation to suitable long term accommodation, StatsWales, 2025.</p> <p>Persistence of Impact: In line with impact period.</p>

⁶<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/smallareamodelbasedincomeestimates/financialyearending2020>

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			Discount Rate: Standard discount rate (Green Book, 2022)
	Savings to the NHS	<p>Annual health savings per household per year Category 1 Hazards (excl. cold and dampness): £512 (2025 prices).</p> <p>Approximate share of dwellings in Category 1 Hazards (%)18%.</p> <p>Approximate share of tenants who were previously rough sleepers: 2%.</p> <p>Persistence of Impact: 30 years.</p> <p>Discount Rate: 3.5%.</p>	<p>Savings to the NHS from improved housing: MHCLG Appraisal Guide & Building Research Establishment, 2025.</p> <p>Approximate share of dwellings in Category 1 Hazards: 'The Full Cost of Poor Housing in Wales', Public Health Wales, 2019.</p> <p>Approximate share of tenants who were previously rough sleepers: MHCLG Appraisal Guide.</p> <p>Persistence of Impact: In line with impact period.</p> <p>Discount Rate: Standard discount rate (Green Book, 2022).</p>
	Reduced Cost of Homelessness to Public Sector	<p>Annual health savings of per household: £4,700 (2025)</p> <p>Approximate % of social housing lettings due to homelessness: 36%</p>	<p>Homelessness and Social Housing Allocation (Wales) Bill: integrated impact assessment.</p> <p>StatsWales: Housing/Social-Housing-Lettings/numberoflettings-by-year-lettingtype.</p>

Source: Savills, 2025

- 2.4.8.** The analysis and conclusions presented in this report assume there are no major macro-economic shocks to the UK economy. The potential impact of such external factors means the figures in this report should be kept under review. All figures presented are based on a range of assumptions.
- 2.4.9.** Estimates are subject to some uncertainties. Our assumptions and calculations are based on good practice guidance. We estimate that actual impacts are likely to be within a range of +/-20% of figures given.

3. Construction Phase Impact on Public Services

3.1. Introduction and Summary

- 3.1.1. In this section, we estimate the fiscal savings to the Public Services from the construction of 20,000 new housing association homes. The construction period is assumed to be 4 years, and the fiscal benefits are expected to come via an expansion in public sector revenue from construction activity.
- 3.1.2. Our analysis shows that when all construction impacts are considered, the delivery of 20,000 housing association homes over a 4-year impact period will generate £307.9m (NPV, 2025 prices) fiscal benefits to the Public Service. This is shown as follows in **Table 3.1**:

Table 3.1 – Construction Period: Impact on Public Services

Indicator	Impact (NPV, 4-Year impact period)	Impact per home (NPV)
NHS Savings from Unemployment Reduction	£4.4m	£219
Public Revenue from Construction (Central Government)	£303.5m	£15.2k
Total	£307.9m	£15.4k

Source: Savills, 2025

3.2. NHS Savings from Unemployment Reduction

- 3.2.1. Reducing unemployment and employing labour market re-entrants is estimated to save the NHS £1,222 (including 2025 prices and Welsh adjustment factor) per annum per person. Based on a 4-year construction period and a 3.5% discount rate, the NHS savings on benefits associated with the delivery of 20,000 new housing association homes are estimated to generate **£3.8 m (NPV)** in social value.

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Table 3.2 NHS Savings from Unemployment Reduction, 4 - Year Construction Period

	Value
Net Additional Jobs Taken up by New Entrants/Re-Entrants to the Labour Market per annum	826
Health Costs per person in Wales	£3,665
Estimated NHS savings from of Each Job Taken up by New Entrants/Re-Entrants to the Labour Market (2025 prices, rebased to Wales)	£1,222
NHS savings from All Jobs Taken up by New Entrants/Re-Entrants to the Labour Market, Undiscounted, Construction Period	£4.0m
NHS savings from All Jobs Taken up by New Entrants/Re-Entrants to the Labour Market, NPV, Construction Period	£3.8m

Source: Associated NHS savings with returning to work based on the Oxford Economics Cost-benefit analysis for the Department for Work and Pensions, 2020; ONS Country and Regional Analysis, Table A.15 UK identifiable expenditure on services by function per head (1), 2019-20 to 2023-24 (continued)

3.3. Public Sector Revenue from Construction

- 3.3.1. Constructing 20,000 new housing association homes is expected to generate additional tax revenue. This includes a combination of Construction VAT, Income Tax and National Insurance. To estimate this, we compare tax receipts to output ratios in the construction industry for each type of tax. This results in an estimated annual value tax receipt of £79.8m per annum over the construction programme.
- 3.3.2. Based on a 4-year construction period, the tax revenue impact of the construction of 20,000 new housing association homes are estimated to generate **£303.5 million (NPV)** in taxes to the Central Government.

Table 3.6 Public Revenues from Construction - 4 years

	Value
Construction value	£4.8bn
Additional National Public Sector Revenue per year	£79.8m
Construction period	4 years
Total Additional National Public Sector (Central Government) Revenue from Construction, NPV, Construction Period	£303.5m

Source: Savills, 2025

4. Operational Phase Impact on Public Services

4.1. Introduction and Summary

4.1.1. In this section, we estimate the fiscal savings of delivering 20,000 housing association homes to Public Services, once completed. In line with the previous section, the discount period is 30-years and for illustrative purposes, we also present benefits that accrue over the 4-year construction period.

4.1.2. The section includes analysis of savings to Public Services from:

- Reduced anti-social behaviour crimes;
- Fewer disruptions to education;
- Reduced overcrowding and benefits to children;
- Reduced cost of temporary accommodation;
- Fiscal savings from reduce homelessness; and,
- Savings to the NHS.

4.1.3. Delivering an additional 20,000 housing association homes will deliver an estimated at £1.8bn (NPV, 2025 prices), of which £267.1m will occur over the first 4 years of operation. This is split as follows:

Table 4.1 – Operational Period: Impact on Public Services

Indicator	Impact (NPV, 30-Year impact period)	Impact (NPV, 4-Year impact period)
Public Savings from Reduced Anti-Social Behaviour Crimes	£0.2m	£98.6k
Public Savings from Fewer Disruptions to Education	£140.5	£42.2m
Public Savings per child from alleviated overcrowding	£3.9m	£0.5m
Public Savings per household from Temporary Accommodation	£1.1bn	£141.7m
Fiscal savings due to reduced homelessness	£589.2m	£78.3m
Savings to the NHS	£32.2m	£4.3m
Total	£1.8bn	£267.1m

Source: Savills, 2025

4.2. Public Savings from Reduced Anti-Social Behaviour Crimes

- 4.2.1. In 2024, 261,331 incidences of crime were recorded in Wales, 47,588 of these crimes were related to anti-social behaviour (Crime Rate, 2024). Shelter (2023) suggested that one in three reports of anti-social behaviour (ASB) crimes in Wales came from people living in social housing. This equates to 15,863 ASB crimes.
- 4.2.2. New and improved homes can lead to general public realm improvements and improved passive surveillance, deterring some incidences of ASB thus reducing the burden on police services⁷. According to the Hyde Group Report: The Value of a Social Tenancy (2018), a stable and uncrowded home environment, in which residents are able to experience improved mental and physical wellbeing, reduces the stress and strain upon existing family and personal relationships and can provide a starting point for the formation of new households.
- 4.2.3. The Future High Street Fund guidance suggests a 10% reduction in incidences is reflective of an intervention that directly targets crime reduction. Given that Welsh housing associations provide direct intervention with anti-social behaviour and support the police to mediate ASB further, this is a justifiable reduction percentage for the delivery of 20,000 new housing association homes.
- 4.2.4. However, as the delivery of 20,000 new housing association homes would equate to a 8% increase in new and improved social housing stock for Wales, not all ASB crimes associated with Welsh social housing will be reduced. Therefore it is estimated that 8% (or 2.1% per year) of the 15,863 ASB crimes in social homes could be impacted by the ASB crime reduction improvement (334 ASB crimes).
- 4.2.5. GMCA's Unit Cost Database⁸ values the fiscal cost of ASB crime (rebased to Wales) at £803 per ASB event (2025 prices). Based on a 10-year impact period, a 3.5% discount rate, the delivery of 20,000 new housing association homes are estimated to generate £223k (NPV) in public savings. While having a relatively low monetised impact, this reflects a significant improvement in safety for communities.

⁷ The Welsh Local Government Association states that ASB covers 'a range of activity that can blight the quality of life of individuals and communities'. This includes: rowdy and nuisance behaviour, intimidating gatherings of young people in public places, vandalism, graffiti and fly-posting, dealing and buying drugs on the street, people fly-tipping and abandoning vehicles, anti-social drinking, the misuse of fireworks. <https://www.wlga.wales/anti-social-behaviour>.

⁸ GMCA Unit Cost Database (2024) – Fiscal cost of crime.

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Table 4.2 Crime Benefits, 10-year impact persistence

Step	Value
ASB Crime Incidences in Wales (2024)	47,588
ASB Crimes Related to Social Housing in Wales (33%)	15,863
ASB Crimes That the Delivery of 20,000 (5,000 per year) New housing association Homes Could Target (2.1% per year)	334
Reduction in ASB Crimes (10%)	33
Monetary Cost of ASB Crime (2025 prices, rebased to Wales)	£803
Benefit per Annum	£26,857
Total Crime Reduction Benefit, Undiscounted, 10-year persistence	£268k
Total Crime Reduction Benefit, NPV (3.5%), 10-year persistence	£223k
Total Crime Reduction Benefit, NPV (3.5%), 4-year	£99k

Source: Shelter, 2023; StatsWales, 2024; GMCA Unit Cost Database, 2024.

4.3. Public Savings from Fewer Disruptions to Education

- 4.3.1. Insecure housing adversely affects a child's wellbeing and may impact their education through absenteeism, sleep problems and academic stress⁹. Disrupted education increases the likelihood that a child becomes NEET (Not in Education, Employment or Training), which demands significant resources and public finance costs.

⁹ Still living in Limbo, Shelter, https://downloads.ctfassets.net/6sxvmndnnpn0s/2tH1VaV0nD4E1yfkNVgZpd/18a40c539d3d6b8771c55c318f4c0a74/Still_Living_in_Limbo.pdf.

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- 4.3.2. 19.6% of social housing tenancies¹⁰ were previously in temporary accommodation, of which 36%¹¹ were under the age of 16. This indicates that approximately 2,475 children who were previously accommodated in temporary accommodation could be housed in the 20,000 new housing association homes.
- 4.3.3. Furthermore, Hyde Group (2020) values the cost of one child being out of education over the 8 years of mainstream schooling at c.£10k per year. To estimate the long-term impact of disruptions to mandatory schooling due to insufficient social housing, the cohort of children aged 0-15 in the 20,000 new housing association homes who come from temporary accommodation can be segmented into age groups based on existing Welsh population estimates. The remaining years of mandatory schooling for each age are then calculated, and unit costs specified in the Hyde Group's report are applied.
- 4.3.4. When the Hyde Group's unit cost is inflated and rebased to Wales (£14,292), the fewer educational disruptions associated with the delivery of 20,000 new housing association homes are estimated to generate up to **£140.6 million (NPV)** in public savings, based on a 30-year operational period and 3.5% discount rate.

Table 4.3 Benefits from Fewer Disruptions to Education

	Value
Education Saving per Child per Year of Mainstream Education (Rebased to Wales, 2025 prices)	£14,292
Estimated occupancy of 20,000 new housing association Homes (total individuals)	40,000
Approximate number of tenancies coming from Temp Accom. moving into housing association Homes (19.6%)	7,835
Approximate number of under 16 moving into housing association Homes from Temp. Accommodation (36%)	2,475
Total Benefit per 20,000 housing association homes, 30 years undiscounted	£173.7m
Total Benefit per 20,000 housing association homes, 30 years NPV	£140.6m
Total Benefit per 20,000 housing association homes, 4 years NPV	£42.2m

Source: Census, ONS, 2021 and Welsh Government Analysis of Annual Population Survey, 2025.

¹⁰ In 2023–24, 6,135 people exited temporary accommodation, with 3,374 (55%) accepting an offer through an allocation scheme. This suggests that approximately 19.6% of the 17,239 social housing lettings during that year were likely allocated to households previously in temporary accommodation. See more: <https://www.gov.wales/homelessness-april-2023-march-2024-html#152924>

¹¹ Source: StatsWales 2025.

4.4. Savings per Child from Reduced Overcrowding

- 4.4.1. Children living in overcrowded or poor-quality housing are more likely to experience difficulties in their education and require additional support from teachers, thereby increasing demands on public resources. Shelter (2018) and Development Economics (2018) estimate that alleviating overcrowding saves £297 per child in additional public-sector education expenditure (2018 prices). According to Census 2021 1.7% of households (22,342) in Wales were overcrowded with children. Furthermore, the average number of dependent children¹² per household in England and Wales was estimated to be 1.7 for 2023¹³. This indicates that there is an estimated 38,880 children in overcrowded homes in Wales (2021). Based on a 30-year operational period and 3.5% discount rate, the public savings associated with the alleviation of overcrowded housing due to the delivery of 20,000 new homes is estimated to generate a total of £3.9 million (NPV) in public savings.

Table 4.4 Savings from Alleviated overcrowding

	Value
Spend per child due to overcrowded Housing (2025 prices)	£382
Housing association homes	20,000
Households with children in an overcrowded house – Wales (1.7%)	330
Estimated Average number of dependent children per family – England and Wales	1.7
Approximate number of children that can be targeted (20,000 x %1.7x 1.7)	580
Total Savings per 20,000 housing association homes, 30 years undiscounted	£6.3m
Total Savings per 20,000 housing association homes, 30 years NPV	£3.9m
Total Savings per 20,000 housing association homes, 4 years NPV	£0.5m

¹² Dependent children are those living with their parent(s) and either (a) aged under 16, or (b) aged 16 to 18 in full-time education, excluding children aged 16 to 18 who have a spouse, partner or child living in the household. This differs to the prior benefit where children aged 0-15 were analysed.

¹³ See more: ONS 2023.

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/adhocs/2189averagenumberofdependentschildrenperfamilyenglandandwales20192022and2023>

Source: Shelter, 2018 & Development Economics, 2018.

4.5. Savings per household from Temporary Accommodation

- 4.5.1. The provision of new housing association homes will support reductions in local authority expenditure on temporary accommodation. Shelter Cymru (2024)¹⁴ estimated the average cost per household in temporary accommodation to be £15,242 per year (2024 prices) in Wales. This cost reflects the reliance of local authorities in private housing providers such as B&B, and hotels. Temporary accommodation is defined as suitable housing intended to last for less than six months, including short-term supported accommodation. It can house both households and individuals experiencing homelessness for various reasons, such as rough sleeping, sofa surfing, leaving prison, or previously living in unsuitable conditions.
- 4.5.2. In 2023–24, 6,135 people exited temporary accommodation, with 3,374 (55%) accepting an offer through an allocation scheme. This suggests that approximately 19.6% of the 17,239 social housing lettings during that year were likely allocated to households previously in temporary accommodation. Applying the 19.6% rate to the additional 20,000 housing association homes suggests that around 3,900 households in temporary accommodation could be moved into permanent social housing. Based on a 30-year operational period and 3.5% discount rate, the public savings associated with the alleviation spending in temporary accommodation due to the delivery of 20,000 housing association homes is estimated to generate a total of £1.1 billion (NPV) in savings to public services.

Table 4.5 Savings from Reduced Temporary Accommodation Costs

	Value
Costs of temporary housing per household in Wales (2025)	£15,497
Housing association Homes	20,000
% of social home lettings to households leaving temporary accommodation (2024)	19.6%
Households who moved from temporary accommodation to social homes	3,900
Total Savings per 20,000 housing association homes, 30 years undiscounted	£1.7bn
Total Savings per 20,000 housing association homes, 30 years NPV	£1.1bn
Total Savings per 20,000 housing association homes, 4 years NPV	£141.7m

Source: StatsWales, 2025.

¹⁴ Source: Shelter Cymru (2024). <https://sheltercymru.org.uk/wp-content/uploads/2024/10/The-Cost-of-Crisis-Report-2024-1.pdf>

4.6. Fiscal Savings from Reduced Homelessness

- 4.6.1. Homelessness can have significant costs to wider public services. The Integrated Impact Assessment (IIA) on the impact of the Homelessness and Social Housing Allocation (Wales) Bill estimated the cost homelessness (excluding the cost of temporary accommodation) was £4,700 per household experiencing homelessness in 2023/24. This cost covers the financial costs of homelessness to wider public services in Wales.
- 4.6.2. In 2023/24 there were 17,239¹⁵ social home lettings, of which 6,150¹⁶ (36%) were re-housed on priority basis due to homelessness. Applying the 36% ratio to the 20,000 housing association homes suggests that approximately 7,100 homeless households could be accommodated, saving the Welsh public service approximately £589.2 million (NPV, 30-year at a 3.5% discount rate).

Table 4.6 Savings from Reduced Homelessness

	Value
Cost per homelessness household to Welsh public services	£4,700
Re-housed to social housing due to homelessness	6,150
Housing association Homes	20,000
Average take up of social housing by homeless households	36%
Number of households expected to benefit	7,100
Total Savings per 20,000 housing association homes, 30 years undiscounted	£955.7m
Total Savings per 20,000 housing association homes, 30 years NPV	£589.2m
Total Savings per 20,000 housing association homes, 4 years NPV	£78.3m

Source: StatsWales, 2025; Homelessness and Social Housing Allocation Bill Integrated Impact Assessment

4.7. Savings to the NHS from providing adequate housing

- 4.7.1. Improvements in housing could lead to a reduction in the use of NHS services (such as GP attendance, A&E visits, and substance misuse treatment) (MHCLG Appraisal Guide, 2025; CEBR, 2024). Social housing offers

¹⁵ <https://statswales.gov.wales/Catalogue/Housing/Social-Housing-Lettings/numberoflettings-by-year-lettingtype>

¹⁶ <https://statswales.gov.wales/Catalogue/Housing/Social-Housing-Lettings/numberoflettings-by-year-lettingtype>

good-quality living conditions and can reduce risks associated with issues like trip hazards, falls and fires. In this sense, improved access to housing would positively impact health outcomes. The MHCLG Appraisal Guide estimates the savings to the NHS of improving housing quality to be approximately £512 per household per annum (2025 prices), considering Category 1 hazards¹⁷, and discounting the hazards related to absence of heating¹⁸, as heating benefits are estimated separately in Section 4.7. NHS service savings could be significant if the delivery of 20,000 housing association homes supports households experiencing these hazards. Inadequate housing provision can worsen existing health conditions and increase demand for NHS services.

- 4.7.2. Figures from 'The full cost of poor housing in Wales (2019)¹⁹' analyses the state of poor housing in Wales, with emphasis on the Category 1 hazards using the Welsh Housing Conditions Survey 2017-2018²⁰. The report estimated that there were around 238,000 dwellings with a Category 1 hazard in Wales, or around 18% of the total housing stock. This specific share is used in our estimations. Then, another adjustment is made for discounting for those households or individuals that do not come from a dwelling (rough sleepers). This is based in CORE data for 2022/23 employed by the MHCLG Appraisal Guide, where they show that around 2% individuals said they were previously rough sleeping. Based on a 30-year operational period and a 3.5% discount rate, the public savings associated with reduced NHS service usage due to the delivery of 20,000 new housing association homes is estimated to total £32.2 million (NPV) in public savings.

Table 4.7 Savings from use of NHS services

	Value
Annual health savings per household (2025 prices, Rebased to Wales)	£512
Social Homes	20,000
Approximate share dwellings assessed with Cat 1 Hazards – Wales (%)	18%
Approximate share of non-rough sleepers	(100%-2%)
Total Savings per 20,000 housing association homes, 30 years undiscounted	£52.3m
Total Savings per 20,000 housing association homes, 30 years NPV	£32.2m
Total Savings per 20,000 housing association homes, 4 years NPV	£4.3m

Source: MHCLG Appraisal Guide, 2025; Census ONS, 2021; Building Research Establishment, 2025.

¹⁷ See detailed definitions and costs in Appendix.

¹⁸ Excluding: Excess cold and dampness.

¹⁹ See more: <https://phw.nhs.wales/news/the-cost-of-poor-housing-in-wales/the-full-cost-of-poor-housing-in-wales/#:~:text=This%20publication%20focuses%20on%20hazards,housing%20is%20not%20an%20option.>

²⁰ This is the latest survey of this kind. Another Welsh Housing Survey is expected in 2027-28.

5. Summary & Conclusions

5.1. Summary of Savings to Public Services

- 5.1.1. Savills analysis estimates that when construction and operational impacts are taken into consideration, the delivery of 20,000 new housing association homes over a 30-year impact period could save the Welsh public service **£1.8 bn over 30 years (NPV, 2025 prices)**, or **£0.3bn over the first 4 years**.
- 5.1.2. This increases to **£2.1 billion over 30 years (NPV, 2025 prices)** or **£0.6 billion over 4 years (NPV, 2025 prices)** if savings to the Central Government are factored in 30 years (set out in **Table 5.1** below).
- 5.1.3. This is split as follows (in **Table 5.1**) and illustrates the fiscal benefits of increasing housing association homes to the public sector Wales. Operational impacts comprise the largest proportion of benefits (86%) over a 30-year horizon, whilst it would comprise 14% over the first 4 years.

Table 5.1 – Impact on Public Services

Phase	Indicator	Level of Government	Impact (NPV, 30-Year impact period)	Impact (NPV, 4-Year impact period)	Impact per home	
					Over 30-years	Over 4-years
Construction	NHS Savings from Unemployment Reduction	Wales	£3.8m	£3.8m	£0.2k	£0.2k
	Central Government Revenue from Construction	UK	£303.5m	£303.5m	£15.2k	£15.2k
	<u>Total Construction Impact</u>	<u>UK and Welsh Government</u>	<u>£307.3m (14%)</u>	<u>£307.3m (54%)</u>	<u>£15.4k</u>	<u>£15.4k</u>
Operational	Savings from Reduced Crime	Local Council	£0.2m	£0.1m	£11	£5
	Savings from fewer Disruptions to Education	Local Council and Welsh Government	£140.5m	£42.2m	£7k	£2.1k

The Impact of Welsh Housing Associations

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	Savings from alleviated overcrowding	Local Council	£3.9m	£0.5m	£194	£26
	Savings from Temporary Accommodation	Local Council	£1.1bn	£141m	£16k	£2k
	Fiscal Savings from Reduced Homelessness	Welsh Government	£589.2m	£78.3m	£29.5k	£3.9k
	Savings to the NHS	Welsh Government	£32.2m	£4.3m	£1.6k	£0.2
Total	<u>Total Operational Impact</u>	<u>UK and Welsh Government</u>	<u>£1.8bn (86%)</u>	<u>£267.1m (46%)</u>	<u>£91.6k</u>	<u>£13.4k</u>
	Total Benefits (NPV)	Welsh Government	£1.8bn	£0.3bn	£91.8k	£13.5k
	Total Benefits (NPV)	UK and Welsh Government	£2.1bn	£0.6bn	£107.0k	£28.7k

Source: Savills 2025. Figures may not sum up due to rounding.

5.2. 'Value for Money' of housing association homes

5.2.1. Delivering social housing can create real savings to Welsh public services. This comes via increased tax receipts, reduced requirement and need for public services that support homeless people, reduce temporary accommodation, education and health costs. We estimate that supporting housing associations homes delivery:

- Generates an estimated **£107.0 k (NPV, 30 years) saving to public services per home provided by the UK and Welsh Governments**, and **£91.8k (NPV, 30 years) saving per home to Welsh Government public services**.
- Of this, savings from reduced need for temporary accommodation comprises **£53.3k (NPV, 30 years) saving per home** to Welsh public services. Of the 20,000 additional housing association homes we estimate that 3,900 will be let to households previously in temporary accommodation.
- This is followed by savings to a wider range of public services (excluding temporary accommodation) from **reduced homelessness of £29.5k per home (NPV, 30 years)**.

- Benefits to the UK Government administered services too, including construction phase benefits such as tax revenue of £15k (NPV, 30 years) per home, and **savings to the NHS of £192 (NPV, 30 years) per home.**

Appendix: Glossary

ASB	Anti-Social Behaviour
APS	Annual Population Survey
ASHE	Annual Survey of Hours and Earnings
BRE	Building Research Establishment
BRES	Business Register and Employment Survey
B&B	Bed and breakfast facility
CEBR	Centre for Economics and Business Research
CHC	Community Housing Cymru
DWP	Department for Work and Pensions
EPC	Energy Performance Certificate
FSHF	Future High Street Fund
GMCA	Greater Manchester Combined Authority
GP	General Practitioner
GVA	Gross Value Added
HCA	Homes & Communities Agency
HMRC	HM Revenue & Customs
MHCLG	Ministry of Housing, Communities and Local Government
NEET	Not in Education, Employment or Training
NHS	National Health Service
NI	National Insurance
NPV	Net present value
ONS	Office for National Statistics
RSL	Registered Social Landlords
SHG	Social Housing Grant
UK	United Kingdom
WHO	World Health Organisations
WIMD	Welsh Index of Multiple Deprivations

Appendix: Category 1 Hazards (From MHCLG Guidance), and estimated costs.

Hazard	No. of Cat 1 Hazards	NHS Annual Saving if Hazard Fixed (£000s)	Per Unit Annual Saving (DLUHC estimate) (£)
Excess cold	719,324	639,320	889
Falls on stairs	1,014,373	258,922	255
Falls on the level	400,081	124,221	310
Falls between levels	205,747	70,837	344
Dampness	64,708	40,487	626
Fire	126,918	24,387	192
Lead	68,200	17,762	260
Hot surfaces	46,120	15,554	337
Radon	89,497	12,678	142
Collision and entrapment	14,716	7,667	521
Overcrowding	45,440	7,490	165
Entry by intruders	10,943	6,533	597
Pests (Domestic hygiene)	20,505	5,103	249
Sanitation (Personal hygiene)	19,265	4,906	255
Food safety	18,507	4,710	254
Electrical problems	11,146	2,854	256
Ergonomics	10,718	2,768	258
Structural collapse	13,789	2,610	189
Noise	2,683	1,604	598
Carbon monoxide	5,403	1,236	229
Excess heat	3,131	503	161
Total with any Cat 1 hazard	2,447,678	1,252,149	£512

Notes:

- The total sum of all dwellings with Category 1 hazards will be less than the sum of the individual hazards as some dwellings will have more than one Category 1 hazard.

- The total sum required to remedy all Category 1 hazards is less than the total number of Category 1 hazards multiplied by the average costs; this is because the modelling avoids the double counting of costs where repair work/energy improvements mitigate more than one hazard.
- For some Category 1 hazards, like explosions, no cases were identified in the survey. These are excluded from the table.