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IGEES
Irish Government Economic & Evaluation Service

Policy Insights from the Irish Government Economic and Evaluation Service (IGEES) – Housing, Small Open Economies & the Labour Market

Irish Government Economic and Evaluation Service

14 Sept 2019

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Survey of Housing Preferences and Aspirations of Renters

Eoin Corrigan
Housing Markets and Economics Unit
Department of Housing, Planning and Local Government

Background and Principal Findings

- Research paper co-funded by Department of Housing, Planning & Local Government & IGEES. Conducted with Department of Finance.
- Goal: Explore beliefs, perceived benefits, homeownership preferences, and other characteristics of renters.
- Simple random sample; 750 respondents; telephone survey.
- 86.5% of respondents expressed a preference for homeownership.
- Other notable results: Autonomy and security; commute savings indifference; risk tolerance.
- Experimental component.

Regression Results for Housing Preferences Experiment

Least Squares.
Dependent variable: Respondent's reported likelihood of transacting under conditions in which tenure, unit type, affordability and commute times vary.
Base scenario: Ownership of a house, at 0.33 housing cost to income ratio, and with a commute the same as the respondent's current commute.
Standard errors are reported in parentheses.

*, *** indicates significance at the 90% and 99% level, respectively.

	A	B	C
Constant	4.815***	3.426***	4.207***
	(0.063)	(0.478)	(0.680)
Rent	-0.612***	-0.612***	-0.612***
	(0.052)	(0.043)	(0.043)
0.5 Housing Cost Ratio	-0.656***	-0.656***	-0.656***
	(0.052)	(0.043)	(0.043)
Apartment	-0.834***	-0.834***	-0.834***
	(0.052)	(0.043)	(0.043)
Halved Commute	0.033	-0.625	2.37e-11
	(0.063)	(0.786)	(0.578)
Doubled Commute	-0.661***	0.375	1.312
	(0.063)	(0.666)	(0.528)
Irish National	-	-	-0.781
			(0.588)
Dublin Resident	-	-	1.031
			(0.588)
Female	-	-	-0.938*
			(0.528)
Searching Aspirant	-	-	1.031
			(0.863)
Fixed Effects	No	Yes	Yes
R-squared	0.1069	0.4426	0.4426
Adjusted R-squared	0.1062	-	-
No. of Observations	6,000	6,000	6,000

Summary Findings

- Aversion:
  - to renting (A)
  - to high housing costs (B)
  - to apartments (C)
- However:
  - $A \approx B$
  - $B < C$

- Relative strengths a challenge for public policy which favours greater urban density and seeks to limit householders financial exposure.

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Overview of IGEES/Housing Vote Analytical Work

(2017-2019)

Paul Kilkenny
Housing, Planning & Local Government Vote,
Department of Public Expenditure and Reform

Context for IGEES/Vote Research

- Evidence based analysis of **Rebuilding Ireland** implementation
- Monitoring of expenditure/VFM to support prudent budgeting
- Informing future policy development

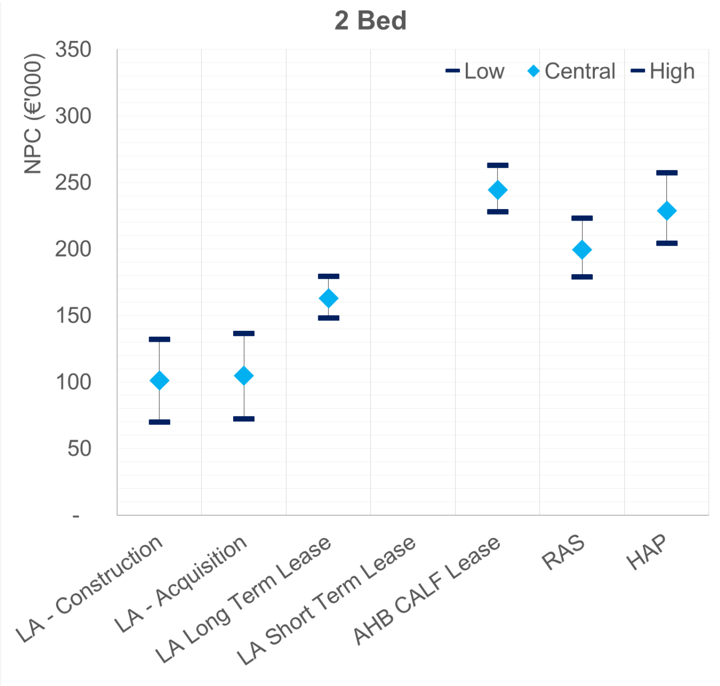
Questions & Objectives of Analysis

- Are social housing delivery mechanisms cost effective?

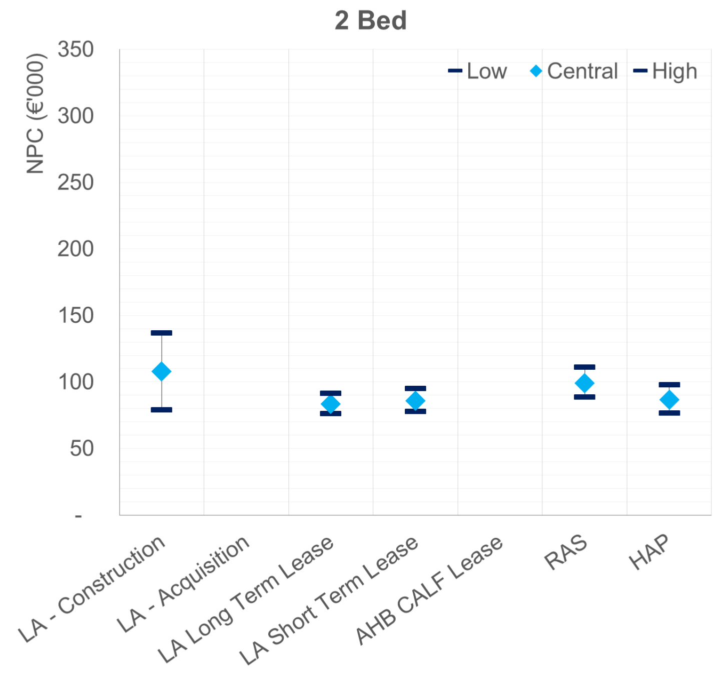
- What is the profile of households supported by social housing?

- Is the supply of social housing meeting the demand? Wider policy issues?

Spending Review 2018

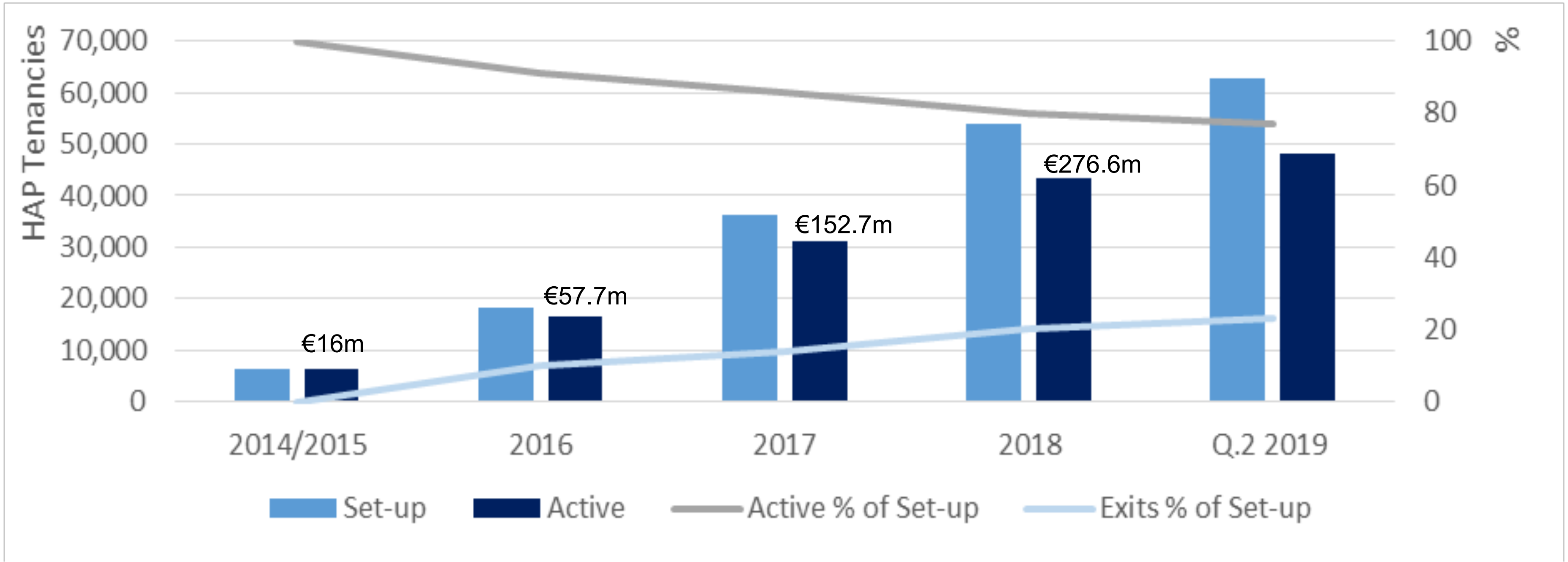


Fingal



Tipperary

HAP 2014-19 Trends Analysis



Key findings

- **SR18**: Cheaper to build S.H. in Dublin than HAP, **<u>however</u>** there is an efficiency to HAP that is necessary while capital funding and LA capacity increases to deliver additional S.H. stock in high demand areas

- **HAP:**

  - Single (individual), Single + 1, and + 2 recipients accounted for 61% of all HAP recipients at the end of 2018. This accords with the pattern of those households supported across all types of S.H.

  - Exits from HAP are increasing (over 20% in 2019 so far). Indicates a stabilising in numbers supported through HAP, albeit cost of HAP is still significant

Analysis Completed (2017 – 2019) www.igees.gov.ie

IGEES

An Roinn Caiteachais Phoiblí agus Athchóirithe
Department of Public Expenditure and Reform

Spending Review 2017

Analysis of Current Expenditure on Housing Supports

July 2017

Daniel O'Callaghan

An Roinn Caiteachais Phoiblí agus Athchóirithe
Department of Public Expenditure and Reform

Spending Review 2018

Current and Capital Expenditure on Social Housing Delivery Mechanisms

Daniel O'Callaghan and Paul Kilkenny
IGEES Unit and
Housing, Planning and Local Government Vote
July 2018

IGEES

An Roinn Caiteachais Phoiblí agus Athchóirithe
Department of Public Expenditure and Reform

Social Impact Assessment Series

Social Housing Supports

Daniel O'Callaghan, Paul Kilkenny and Colm Farrell
IGEES Unit and Housing, Planning and Local Government Vote
October 2018

IGEES

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IGEES Analytical Note

Rebuilding Ireland – Pattern of Social Housing Construction (2016 - 2018)

Paul Kilkenny
Housing, Planning and Local Government Vote
June 2019

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Spending Review 2019

Analysis of Social Housing Acquisitions

Colm Farrell and Daniel O'Callaghan
Housing, Planning and Local Government Vote and IGEES Unit
August 2019

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Staff Paper – Trends Analysis

Housing Assistance Payment (2014 - 2019)

Paul Kilkenny
Housing, Planning and Local Government Vote
September 2019

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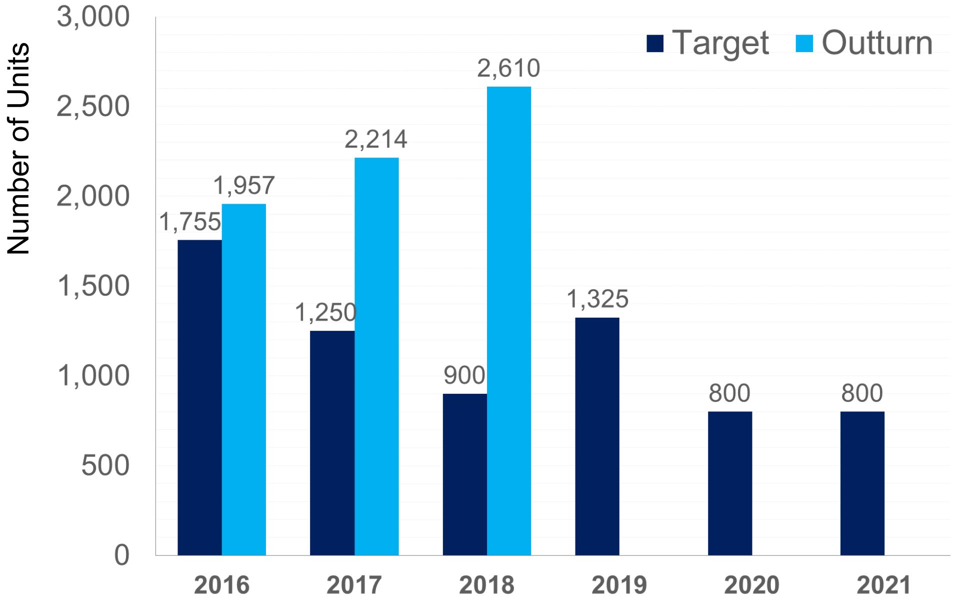
Spending Review 2019

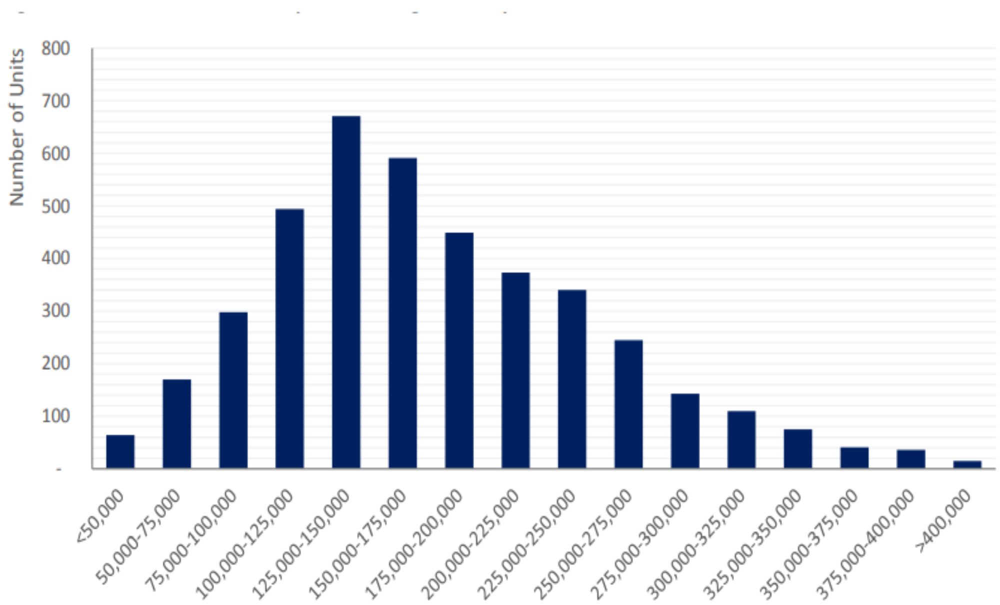
Analysis of Social Housing Acquisitions

Colm Farrell
Housing, Planning & Local Government Vote,
Department of Public Expenditure and Reform,
14 September 2019

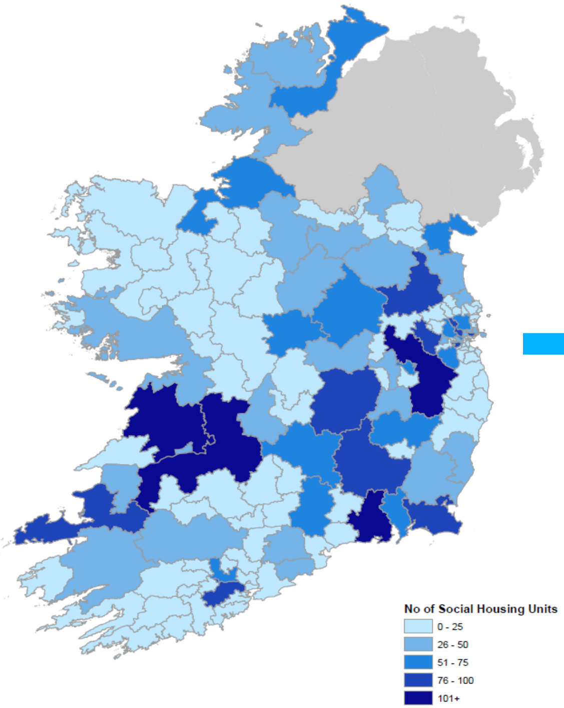
Social Housing Acquisitions, 2016-2018

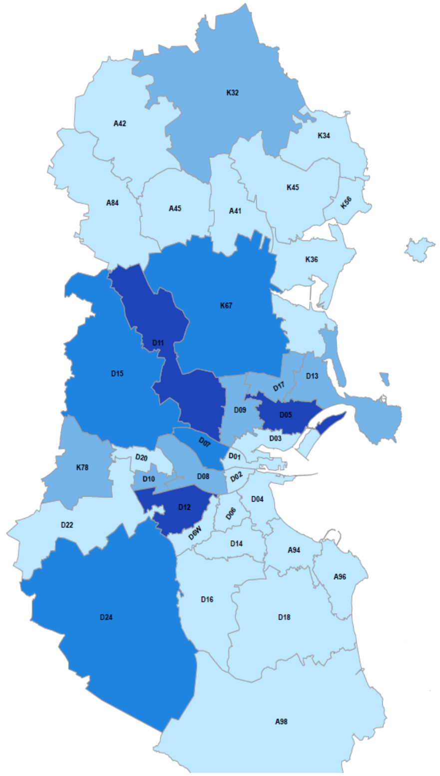


SHIP Units by Purchase Price, 2016-2018



SHIP Acquisitions by Eircode Routing Key (National and Dublin), 2016-2018





Cost Efficiency

The majority of social housing acquisitions were acquired at a reasonable cost. However, there was a small proportion of units acquired which appear to have been at a relatively high cost.

Cost Efficiency relative to:

1. Acquisition Cost Guidelines

2. Prices within the Wider Housing Market

3. Unit Cost Ceilings for Construction

Key Findings

- Acquisition targets exceeded 2016-2018 – high shares in certain pockets of the country.
- Majority appear to have been acquired at reasonable price – wide range of costs.
- Acquisitions should focus on areas where it delivers a cost effective and appropriate solution.
- Delivery at a local level should be monitored to limit any impacts on the wider market.

Thank you

Questions Welcome

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Sectoral analysis of unemployment claims – construction in 2008-2010

Dermot Coates
Department of Employment Affairs and Social Protection
Dublin Economic Workshop
14th September 2019

Why is it of interest?

- What would be the response of the Public Employment Service (PES) if Ireland entered recession and one particular sector or occupational grouping was affected?
- How long does it take earnings or employment patterns *of the individuals who lost their jobs* to recover from such a shock?
- Can we address unmet need for construction sector workers from this pool?

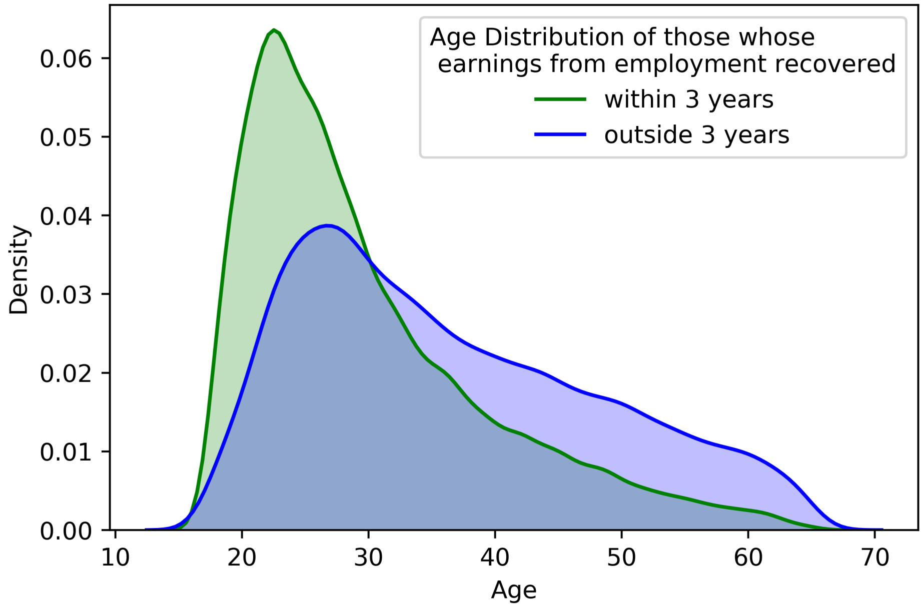
Why is it of interest?

- Previous analysis by the Central Bank ("Where are Ireland's Construction Workers?") suggests the number of individuals who previously worked in the construction sector and were later either unemployed or outside the labour force is not significant.
- The conclusion is that a large proportion of construction workers who lost their jobs during the crash are likely to have emigrated.
- Unemployment and redirection to another sector/occupation is one channel to reduction in construction numbers – see also migration and reduced inflow (number of enrolments on property-related courses and number of apprenticeships)

What happened to those who lost jobs in 2008-2010?

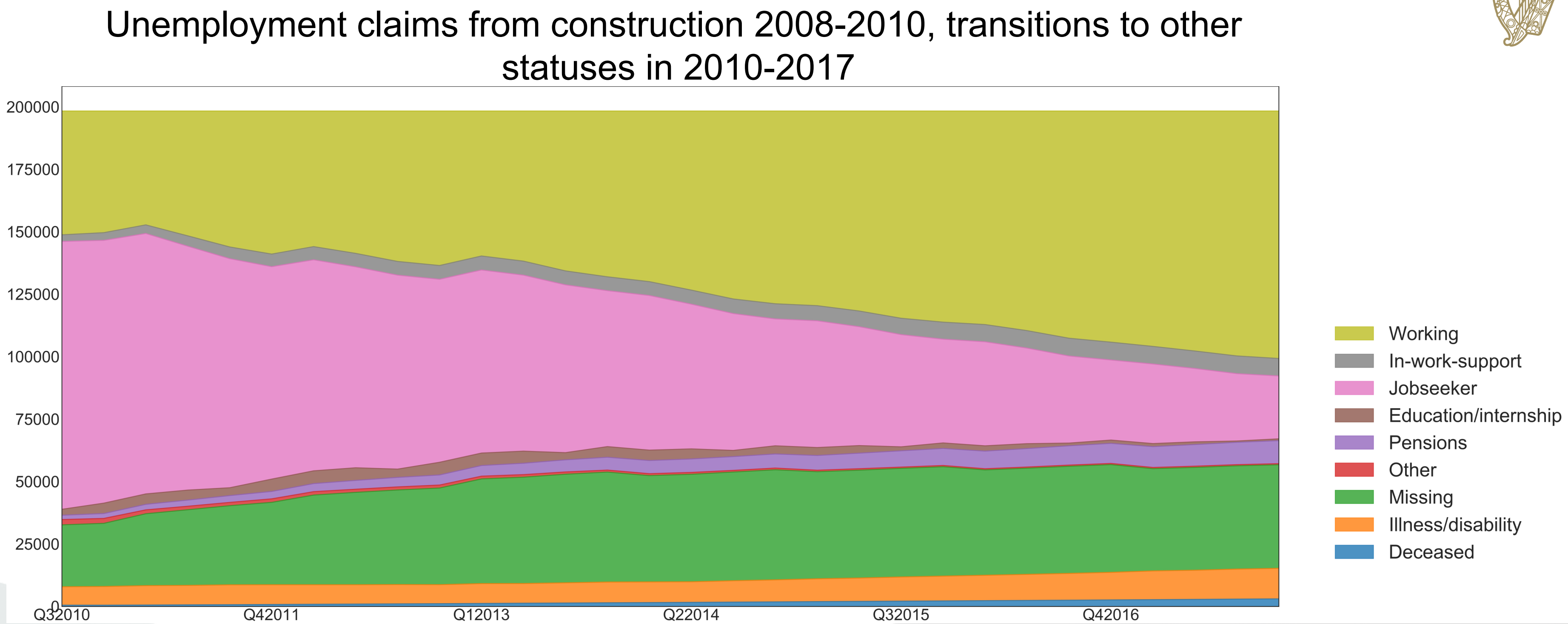
- Administrative dataset covering all unemployment claims, where previous status is employment, between 2008-2010
- Restrict to those who reported construction as last occupation
- Broad and narrow definitions of construction-related occupation (skilled trades; architects, surveyors, engineers)
- Two measures of recovery:
  - *Use earnings from employment to generate deciles for each calendar year – recovery is the point at which someone returns to the decile they were in for the calendar year prior to unemployment*
  - *Measure status at several points after unemployment claim*

How long did it take for the earnings of those who lost jobs in 2008-2010 to recover?



Younger construction workers, who would typically earn less, recovered quicker

What happened to those who lost jobs in 2008-2010?



What happened to those who lost jobs in 2008-2010?

Those for whom there is no administrative record are disproportionately EU15-28 – outward migration?

All 2008 unemployment claims from construction

	Irish	EU13	UK	Rest Of World	EU15-28
Aged under 25	90%	0%	1%	0%	8%
Aged 25 and over	73%	1%	4%	1%	21%

Of which, "Missing" group

	Irish	EU13	UK	Rest Of World	EU15-28
Aged under 25	79%	0%	2%	1%	18%
Aged 25 and over	38%	3%	6%	3%	51%

Next steps

- Pathfinder for joint research by DEASP/OECD on sectoral examination of job displacement in Ireland, as input to OECD Economic Survey
- Does changing sector matter?
- What impact has retraining had?

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Quality of Employment: Indicators and Trends

Fiona Kane
IGEES Unit, DPER
Dublin Economic Workshop
14th September 2019

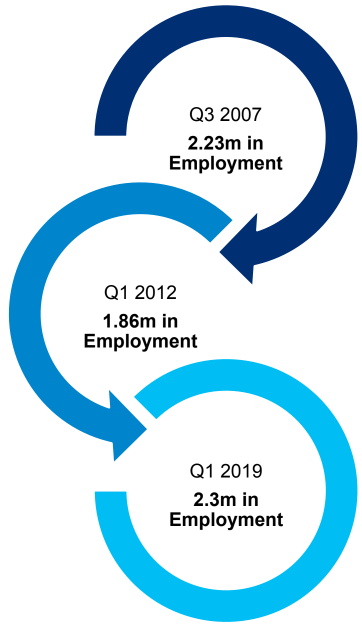
Policy Context

Total Employment has Surpassed the Previous Peak in 2007

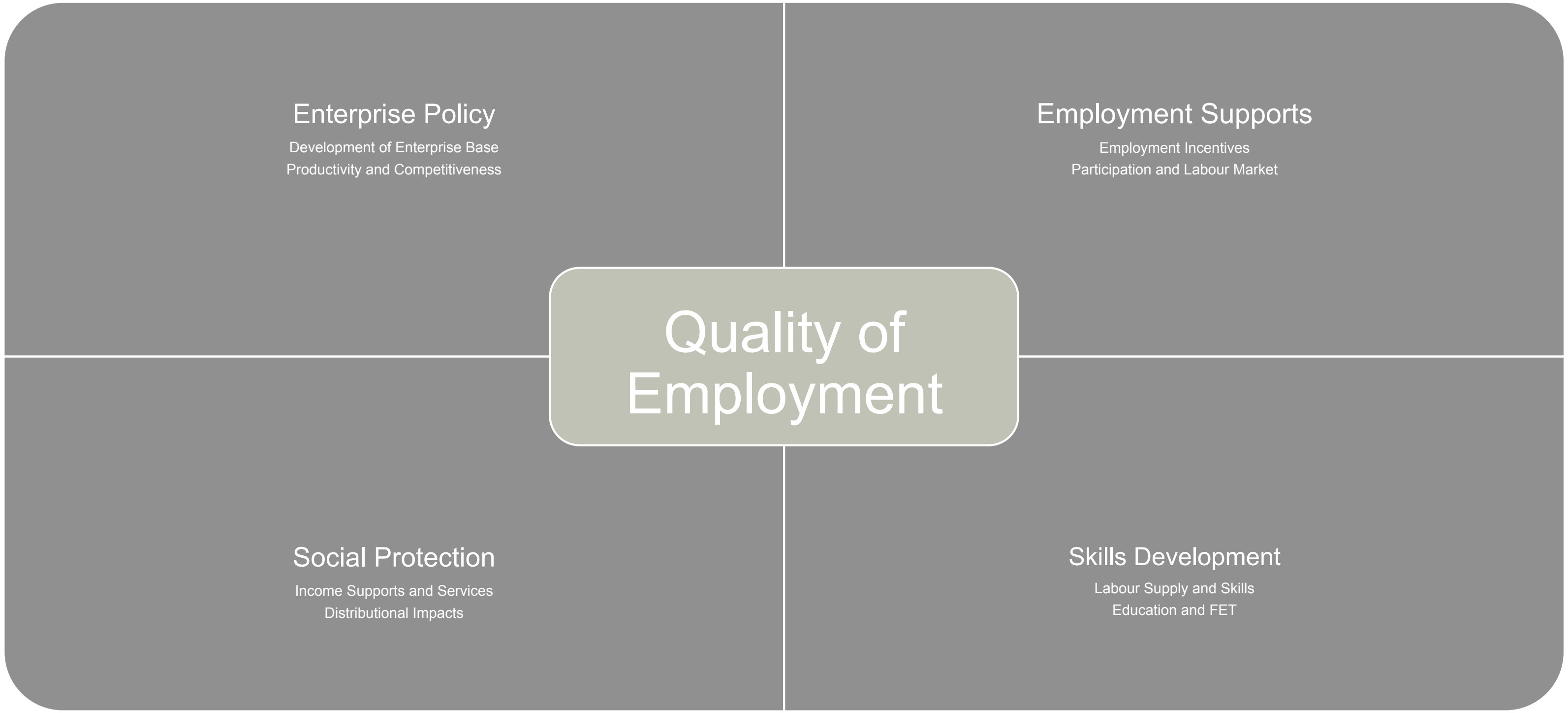
Figure 1: Total Number in Employment, Unemployment and Outside the Labour Force, Q1 2005 – Q3 2018

Source: CSO Labour Force Survey

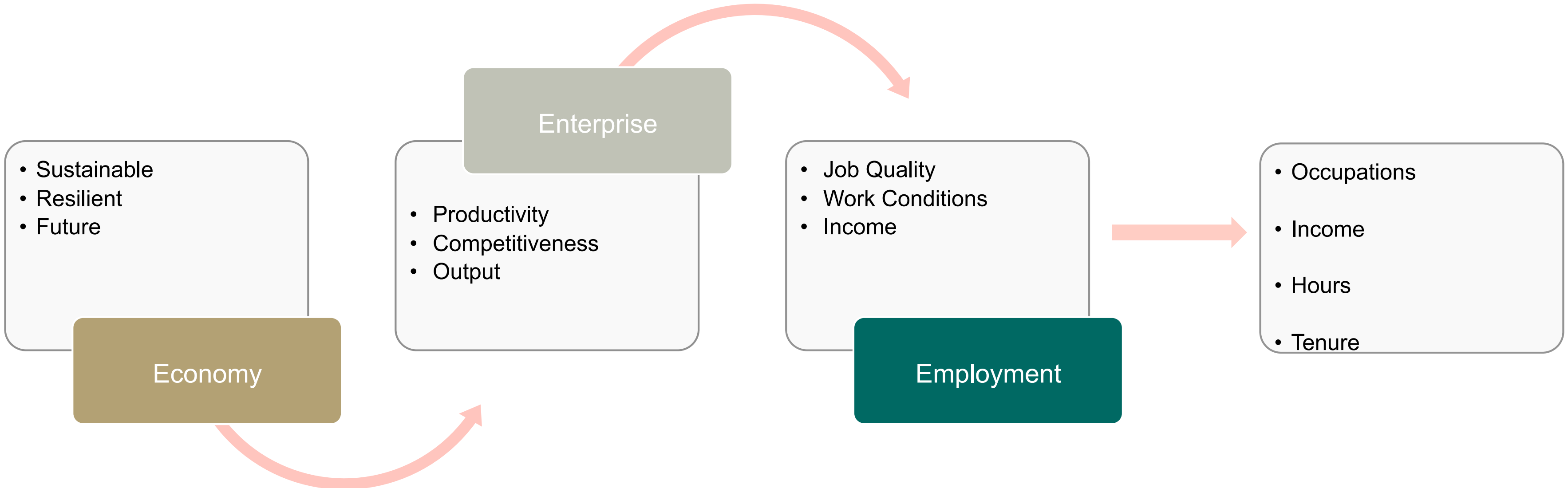
Quality of Employment?



Relevance – Cross Sectoral

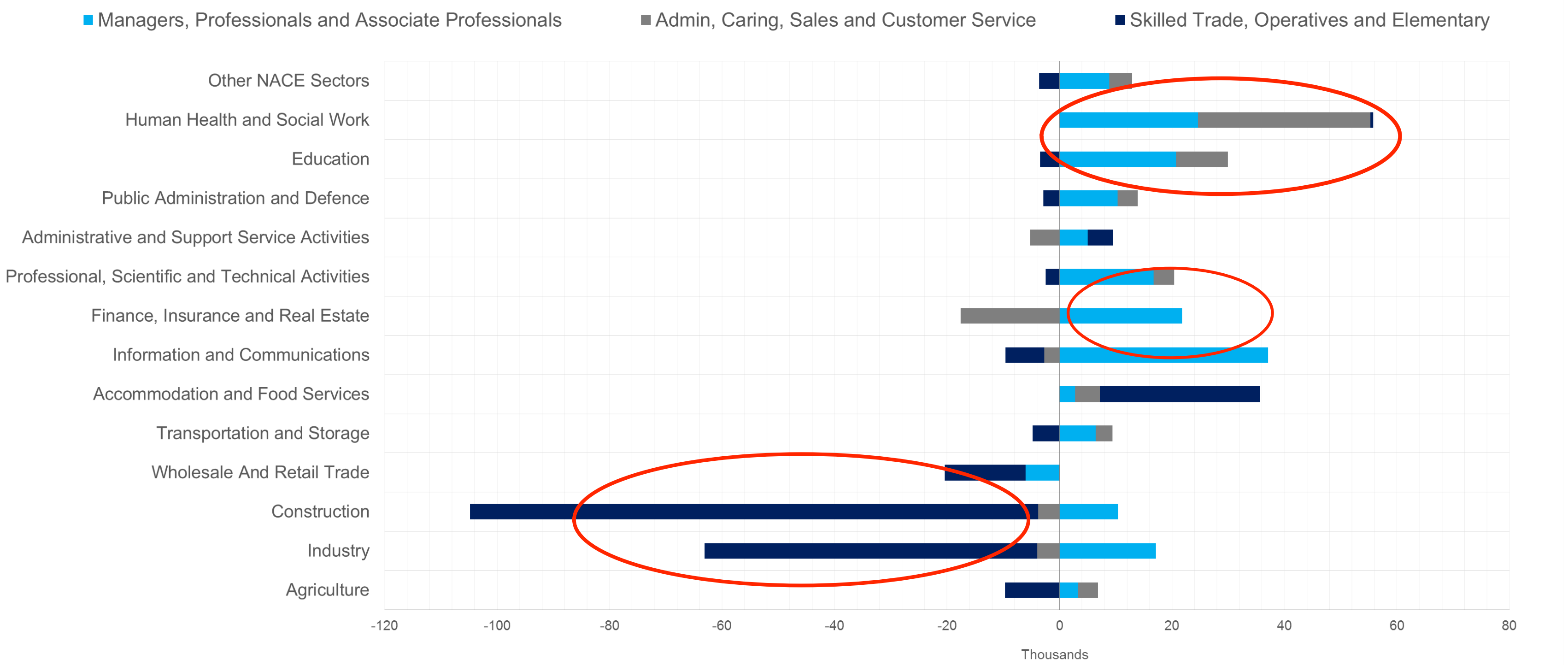


Definition of Employment Quality



Occupations

Change in Employment by Occupation and Sector, Q2 2007 – Q2 2018

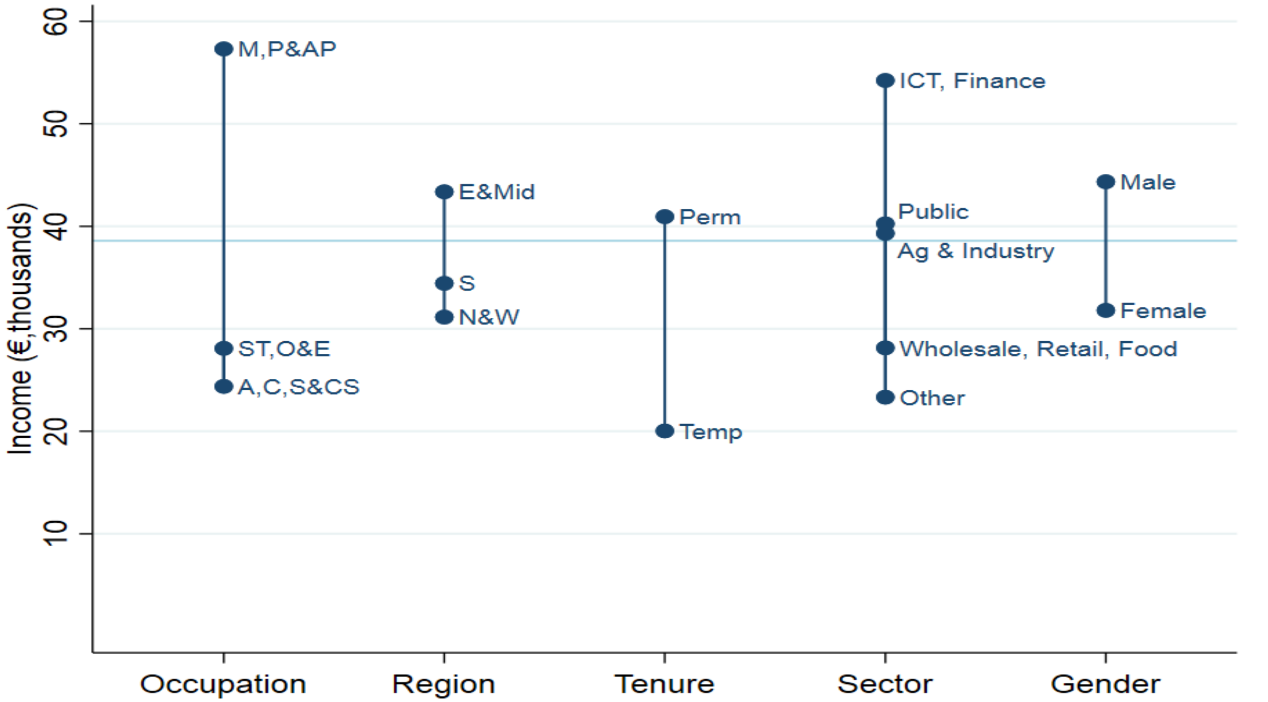


Source: Analysis of CSO LFS Data

ɔdata Files provided by the Central Statistics Office (CSO). The CSO does not take any responsibility for the views expressed or the outputs generated from this research."

Income

Mean Income from Employment by Occupation Group, Region, Sector and Gender (2017)

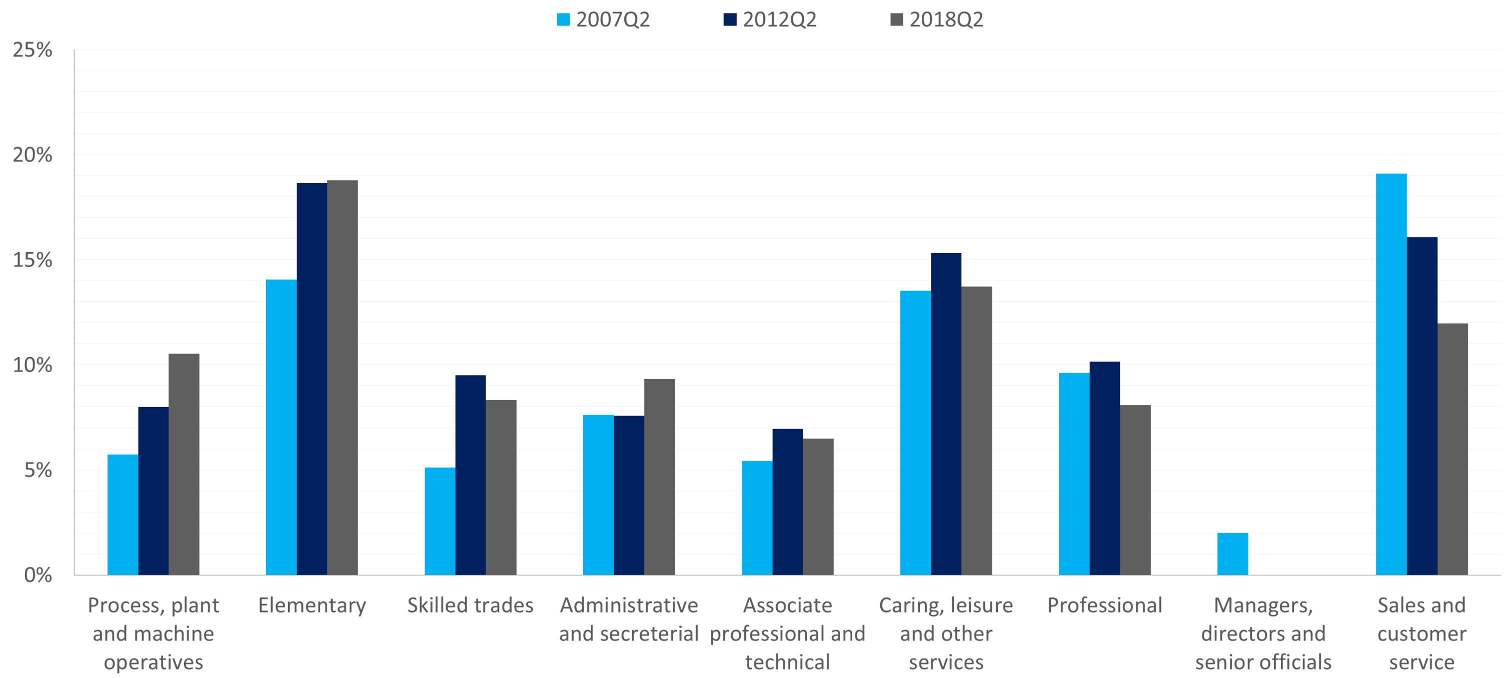


Source SILC

Graph Legend
Occupations: M,P&AP- *Managers, Professionals and Associate Professionals*, A,C,S&CS- *Admin, Caring, Sales and Customer Services*, and ST,O&E- *Skilled Trades, Operatives and Elementary*
Sectors: Ag & Industry- Agriculture, Industry and Construction, 2- Wholesale, Retail, Transport and Food Services, ICT & Finance- ICT, Finance and Administration, Public- Public Administration, Education and Health, and 5- Other.

Tenure

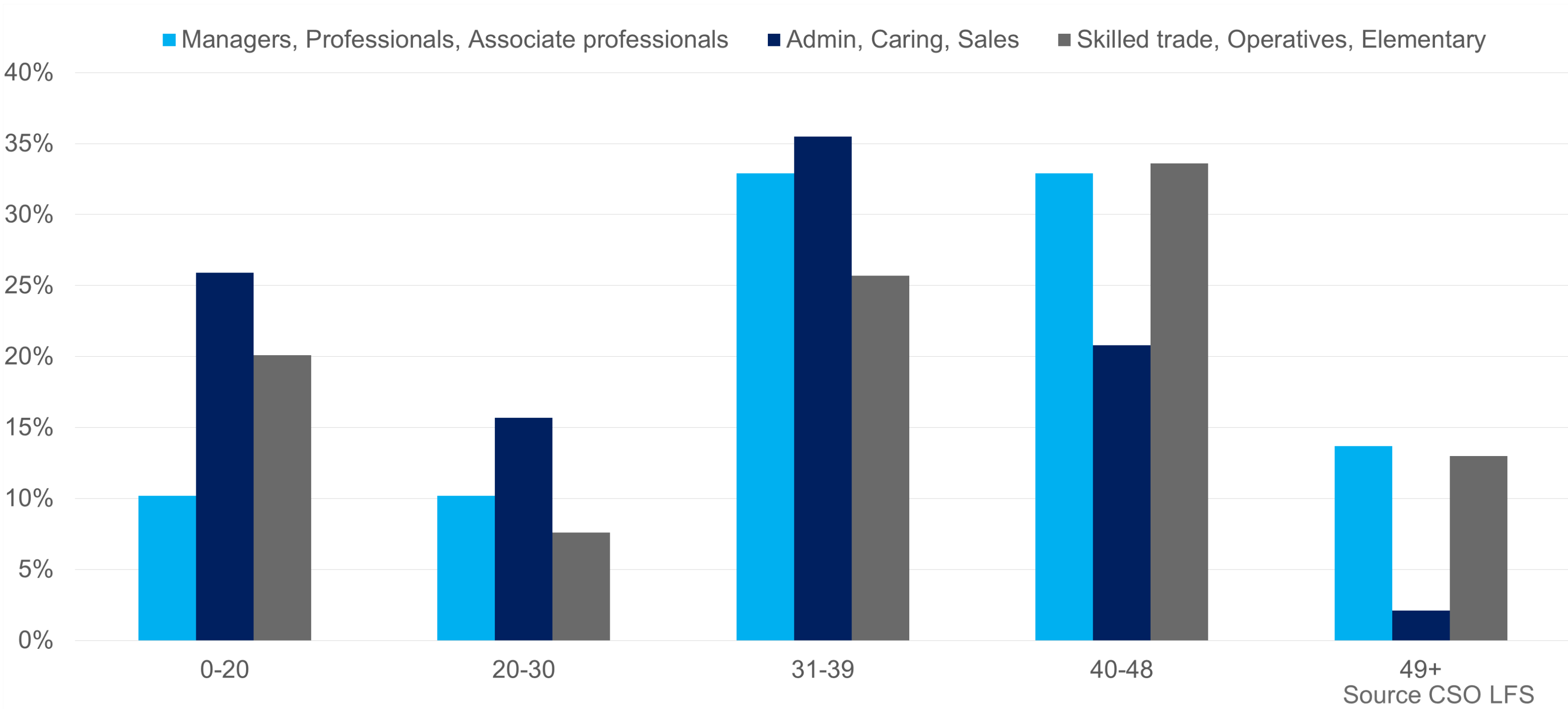
Temporary Employment as a % of Occupation Employment, 2007, 2012 and 2018



Source: CSO Labour Force Survey

Hours

Numbers in Employment by Hours and Occupation



Conclusion

- Jobs lost in Construction have been replaced by Public Sector jobs and jobs in ICT and Finance

- Managers Professionals and Associate Professionals earn approximately double that of the other occupations

- Temporary employment is falling in service roles, though is above pre-crisis levels in construction and industrial occupations

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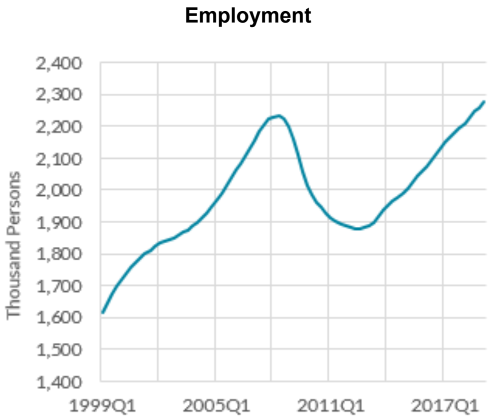
The inactive population: skills and links to the labour market

Dublin Economic Workshop 2019

Cathal McDermott
IGEES Unit – Department of Public Expenditure and Reform
14th September 2019

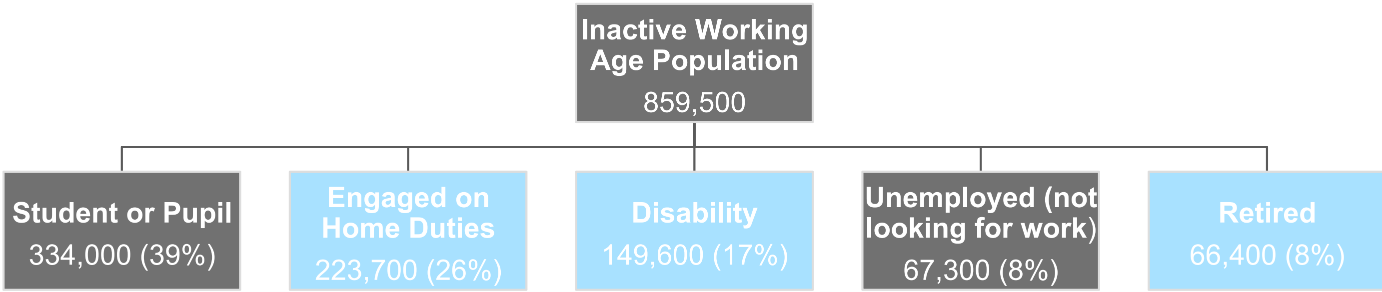
Policy context



Source: CSO LFS.

- High levels of employment.
- Evidence of continuing demand for labour. Employment up 45k in the past year. Relatively high number of vacancies reported by CSO.
- How much of this employment demand can be met from domestic sources?
- Targeting of activation efforts.

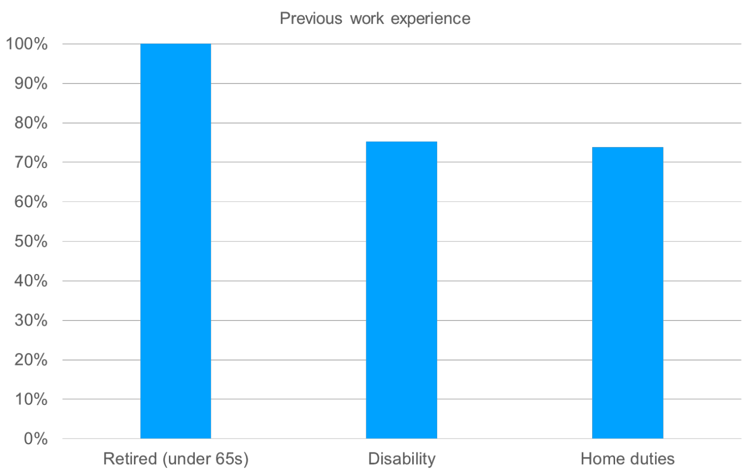
The inactive population under 65



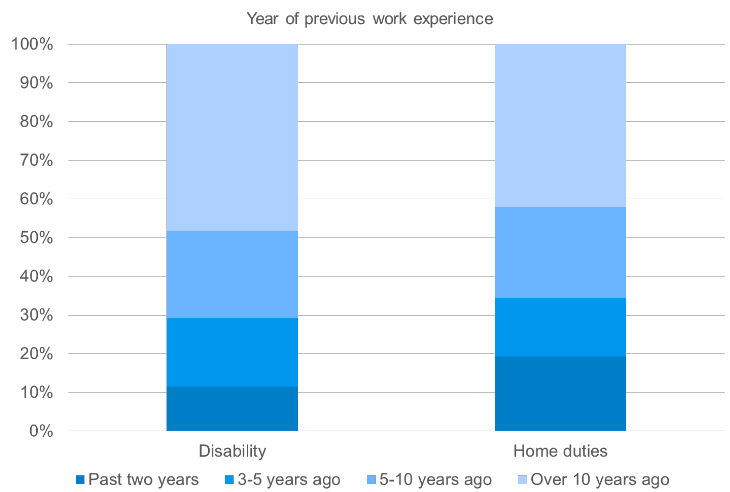
Source: CSO Labour Force Survey, 2018 Q4

Note: Results are based on analysis of strictly controlled Research Microdata Files provided by the Central Statistics Office (CSO). The CSO does not take any responsibility for the views expressed or the outputs generated from this research.

Links to labour market: previous employment



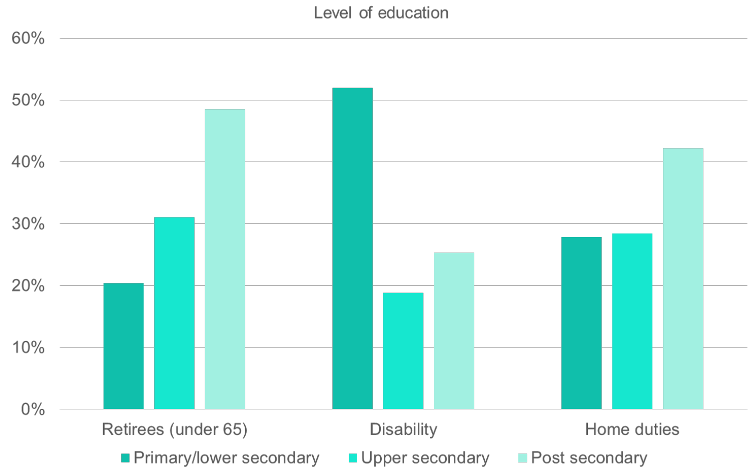
High presence of previous work experience…

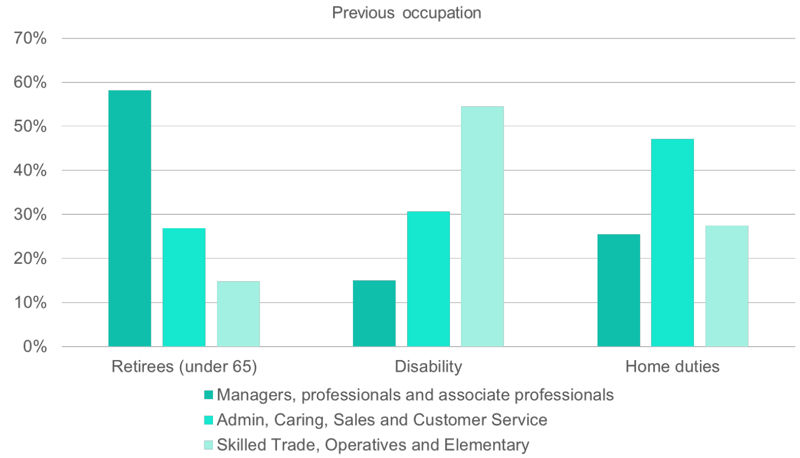


But largely over 10 years ago.

Source: CSO Labour Force Survey, 2018 Q4

Links to labour market: Skills





Relatively large proportions of post secondary education, varies by group.

Variation of occupational experience, relatively low in typically higher paid occupations in disability and home duties.

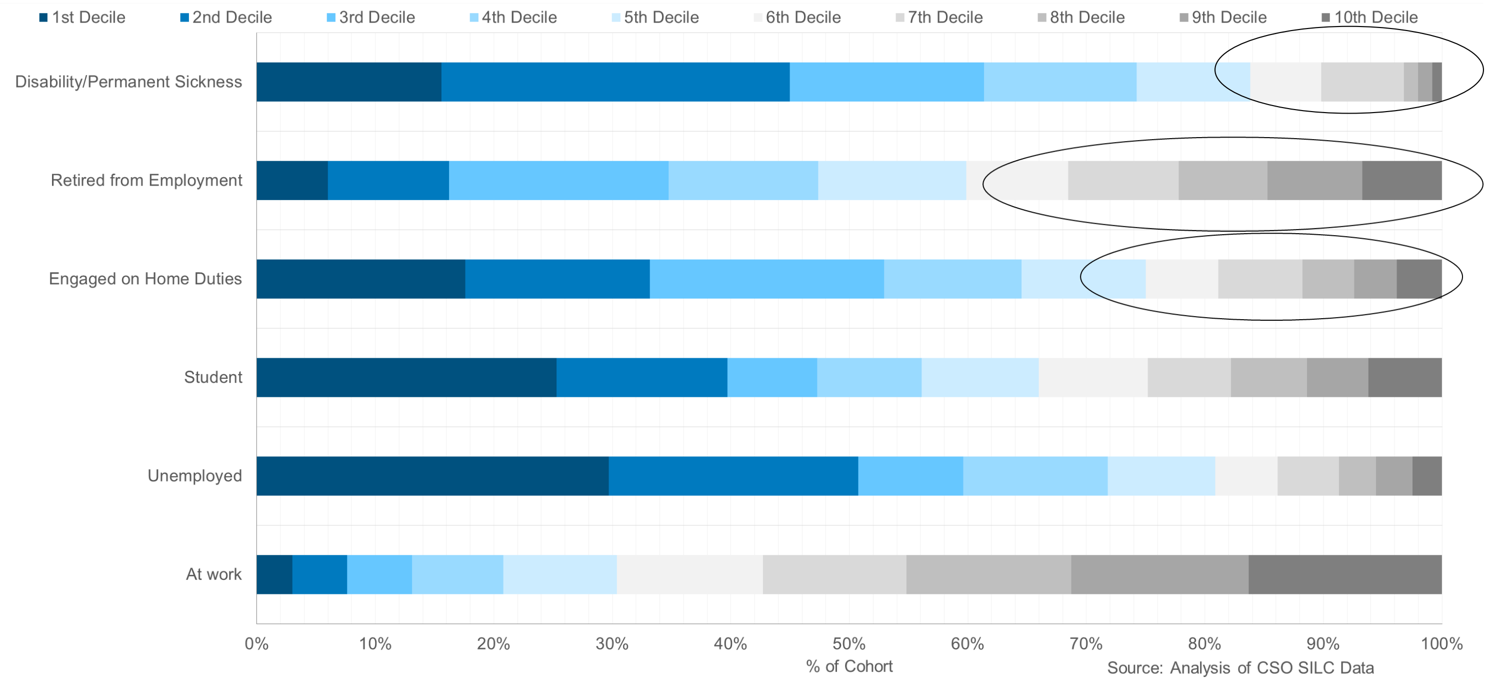
Source: CSO Labour Force Survey, 2018 Q4

Links to labour market: Sector

Retirees (under 65) – largely public sector; education, public administration, health and social work.

Home duties/disability – sectors which tend to include part time and lower paid jobs; retail, accommodation and food services.

Income distribution (Net Disposable Equivalised Household Income), 2017



Positioning to labour market

- **Home duties –** high levels of post secondary education (42%); mix of occupational & sector experience, mostly admin/care/sales/customer occupations (25% former managers, professionals & associate professionals); 25% in top half of households by income

- **Disability –** lower levels of post secondary education (25%); mix of sectors, largely former skilled trades, operatives & elementary occupations (55%); 16% in top half of households by income

- **Early retirees** – high levels of post secondary education (48%); largely former managers, professionals & associate professionals (58%); significant proportion formerly public sector; 40% in top half of households by income

Thank you

Questions Welcome

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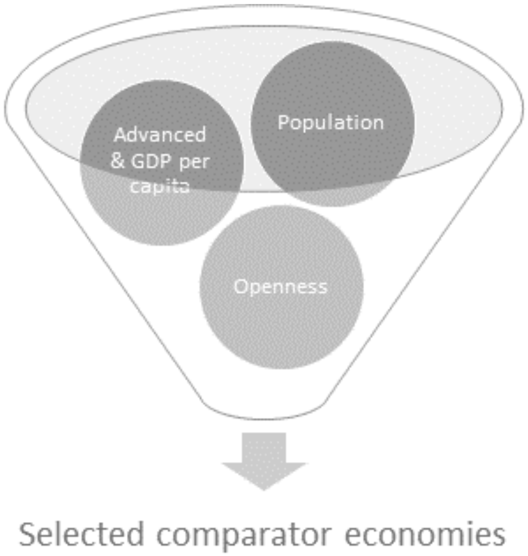
Small Advanced Open Economies – A Comparative Analysis

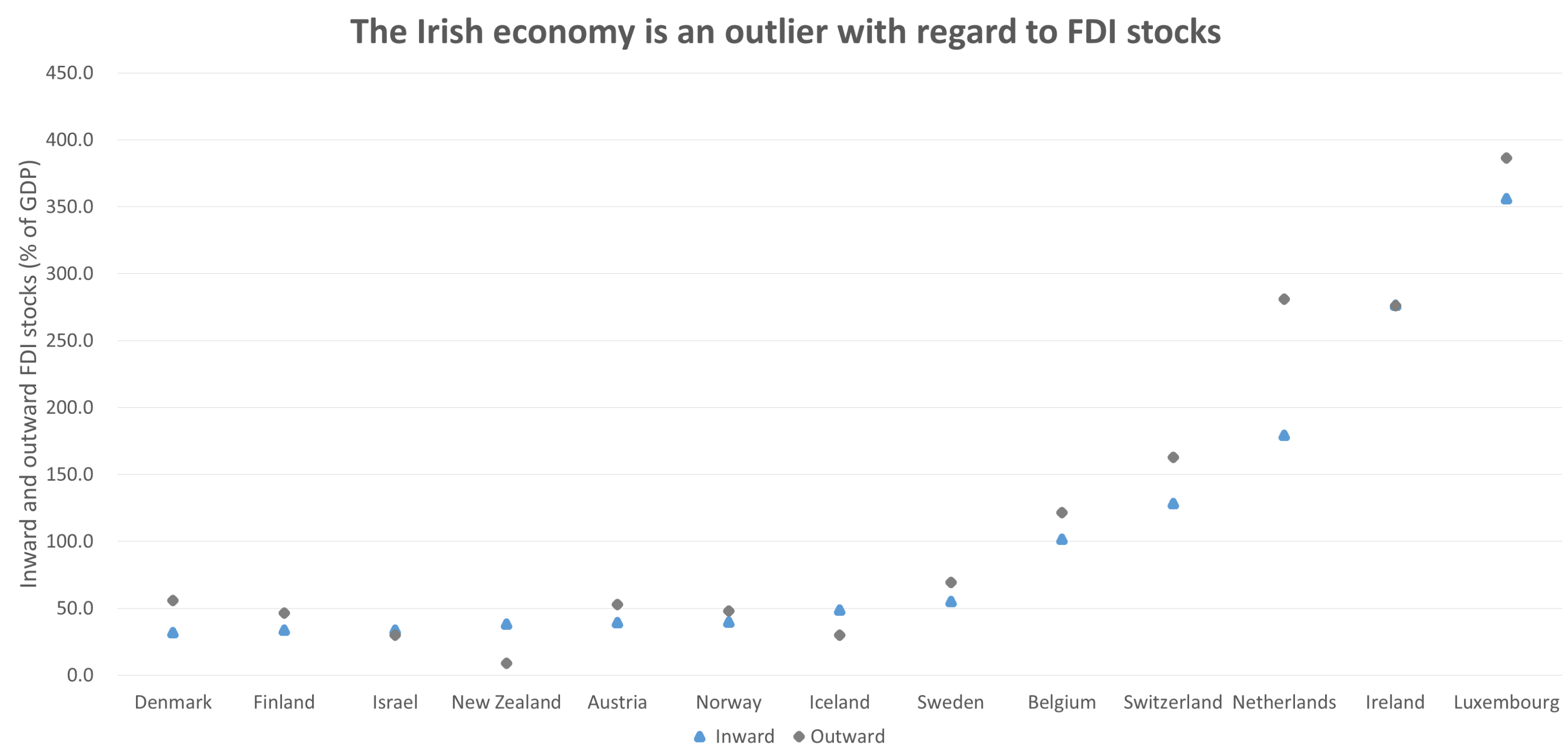
Robert Keogh
IGEES Unit, Department of Public Expenditure & Reform
Dublin Economics Workshop 2019

Defining a Small Advanced Open Economy

- Depending on the criteria, different economies can be classified as small advanced open economies. This paper used the following criteria:

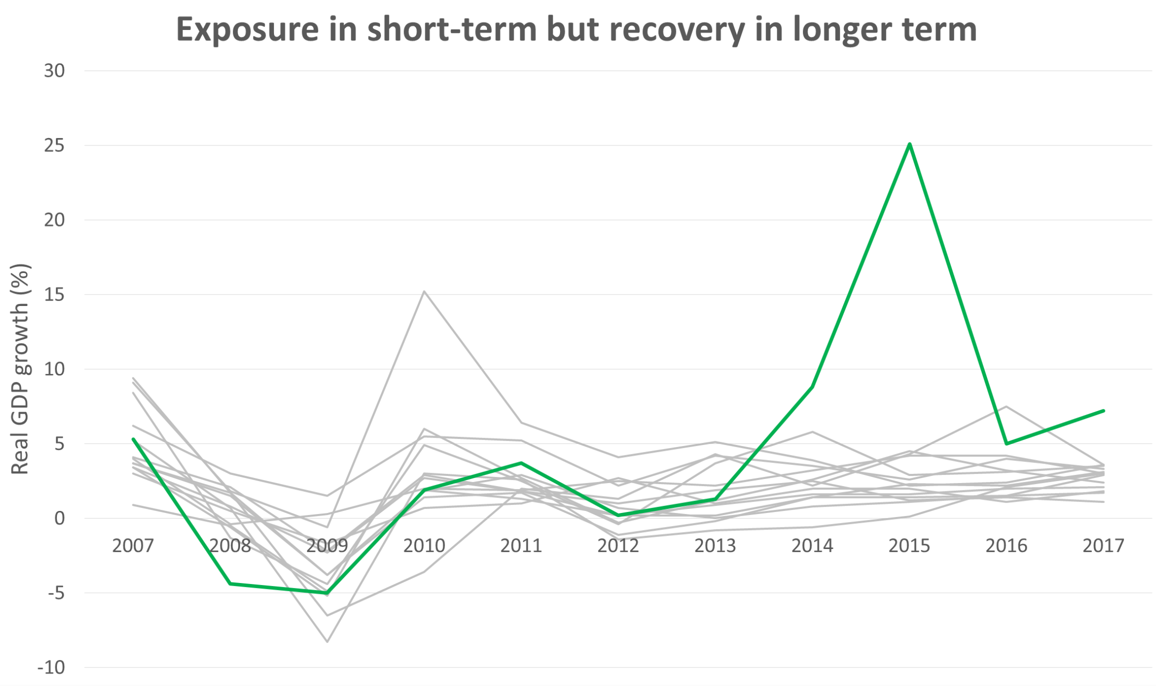


Heterogeneous group of small advanced open economies



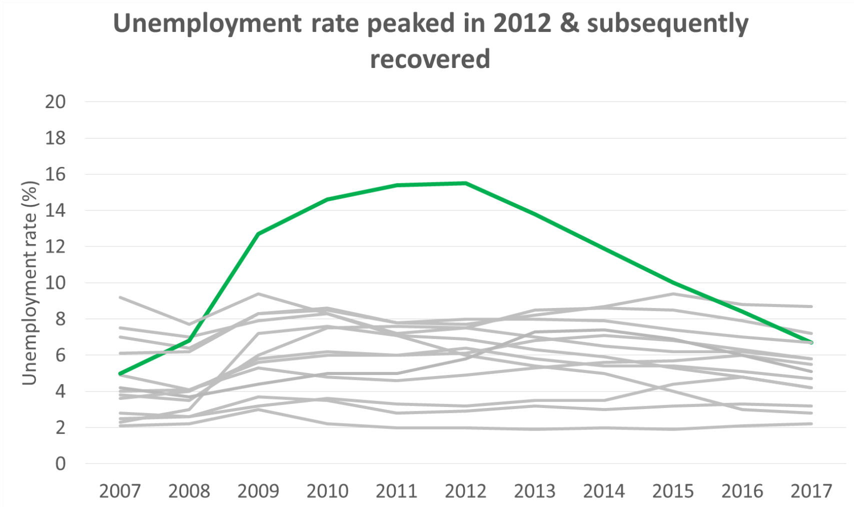
Source: OECD, 2016. Data not available for Singapore.

Volatility & Recovery

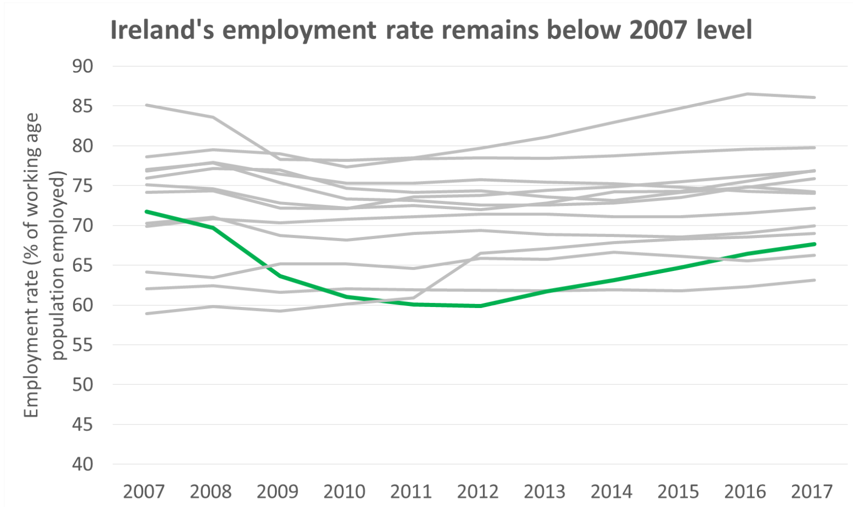


Source: IMF and CSO.

Volatility & Recovery

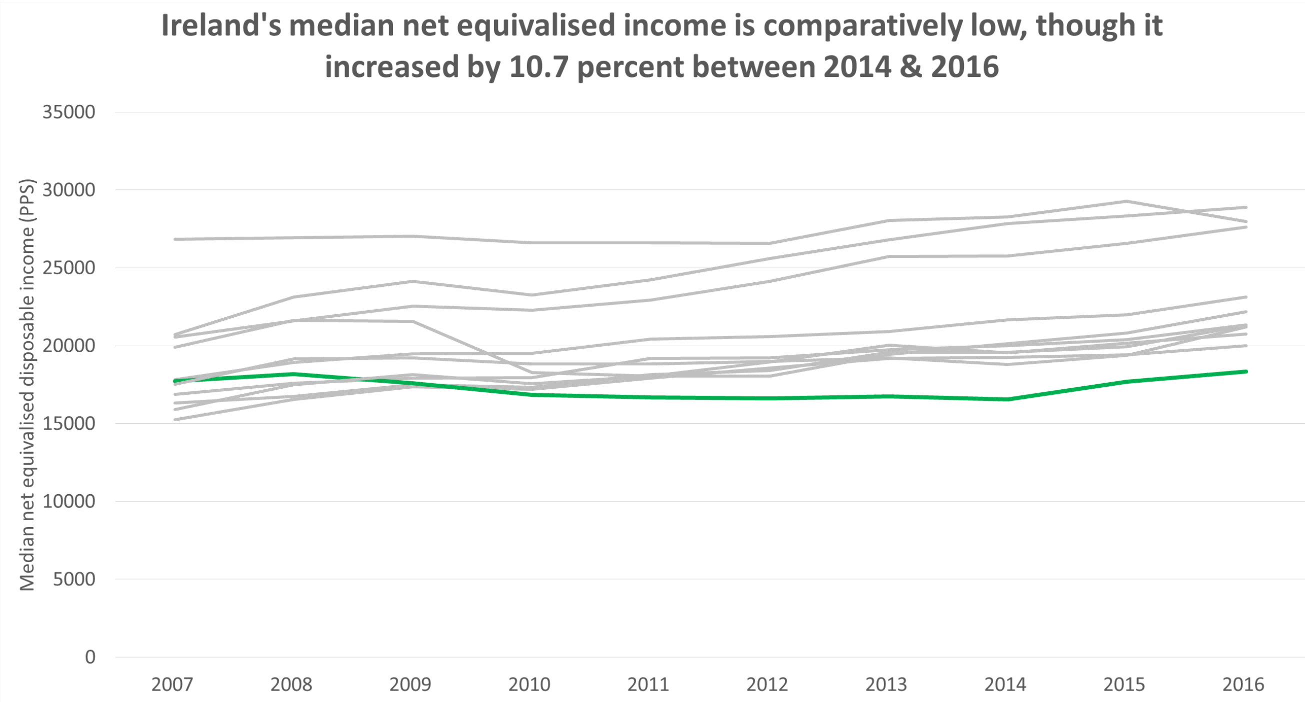


Source: IMF



Source: OECD Short-Term Labour Market Statistics. Data exclude Singapore.

Economic Well-Being



Source: EU-SILC. Data for Israel, New Zealand, and Singapore unavailable.

Equivalised net income is the total income of a household, after taxes and transfers, that is available for spending or saving, divided by the number of household members converted into equivalised adults.

Differences in taxation systems and social benefits across economies affect equivalised net income.

This graph is in Purchasing Power Standard (PPS) terms, which adjusts for price level differences across countries.

Conclusion

- Heterogeneity amongst small advanced open economies.
- Irish economy is an outlier given the extent of its fluctuations in the growth and unemployment rate during 2007 - 2017.
- Ireland’s median equivalised net income remains lower than other small advanced open economies.

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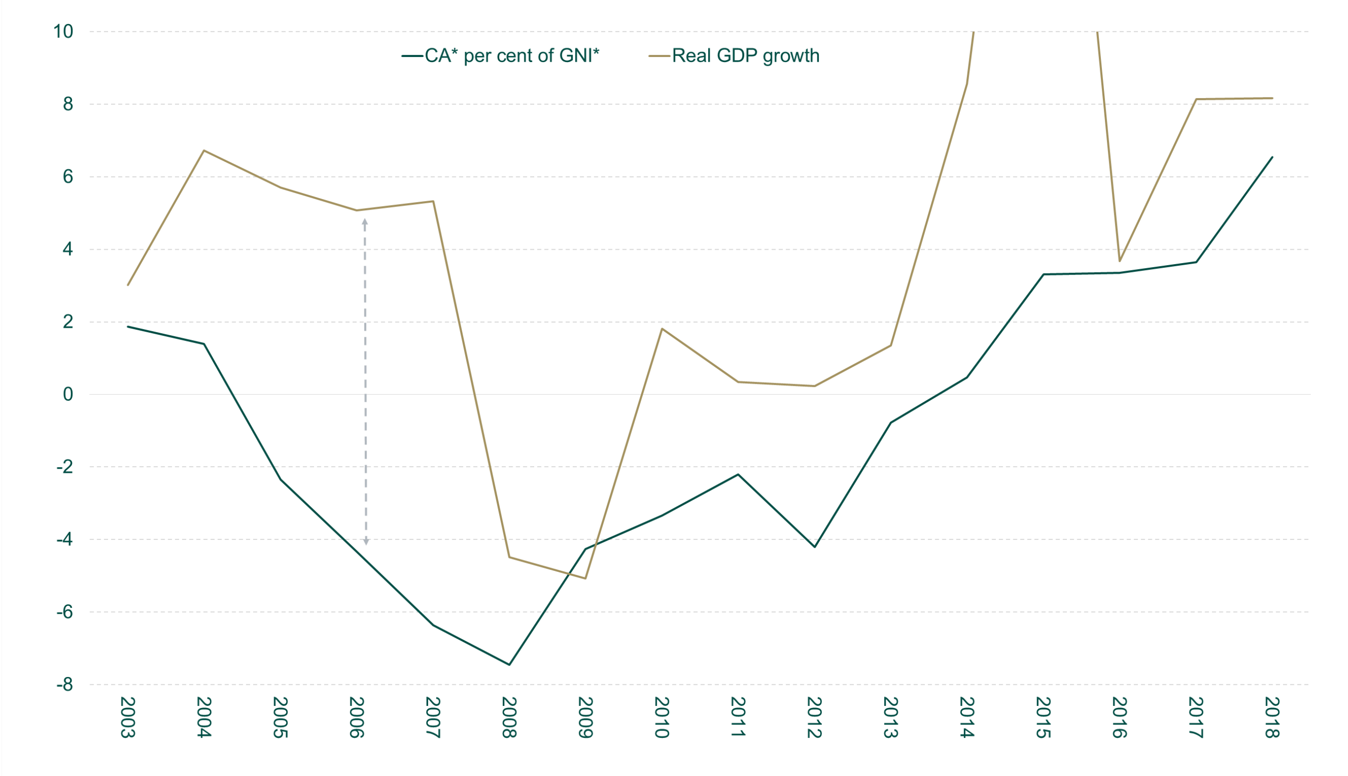
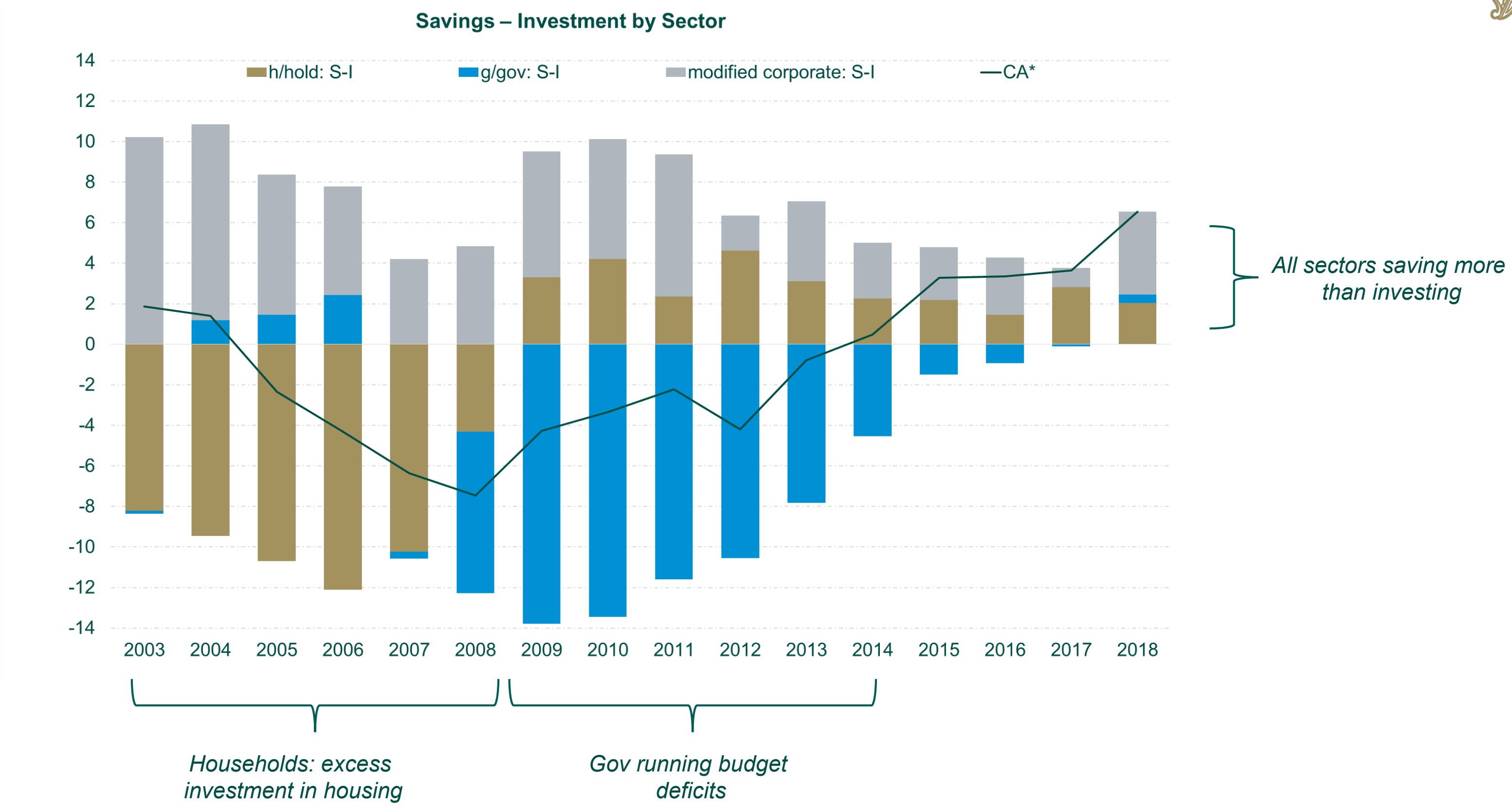
The Balance of Payments in Ireland

Clíona McDonnell, Department of Finance and IGEES
Dublin Economics Workshop
14th September 2019

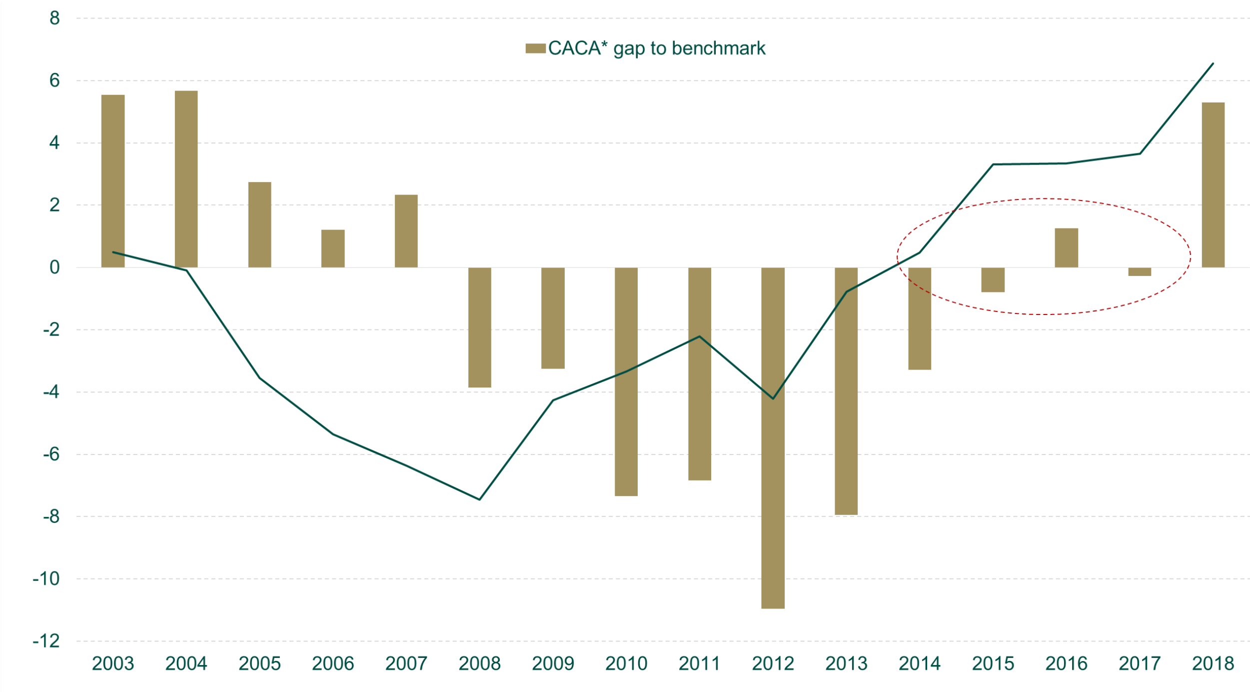
The current account as a key macro indicator



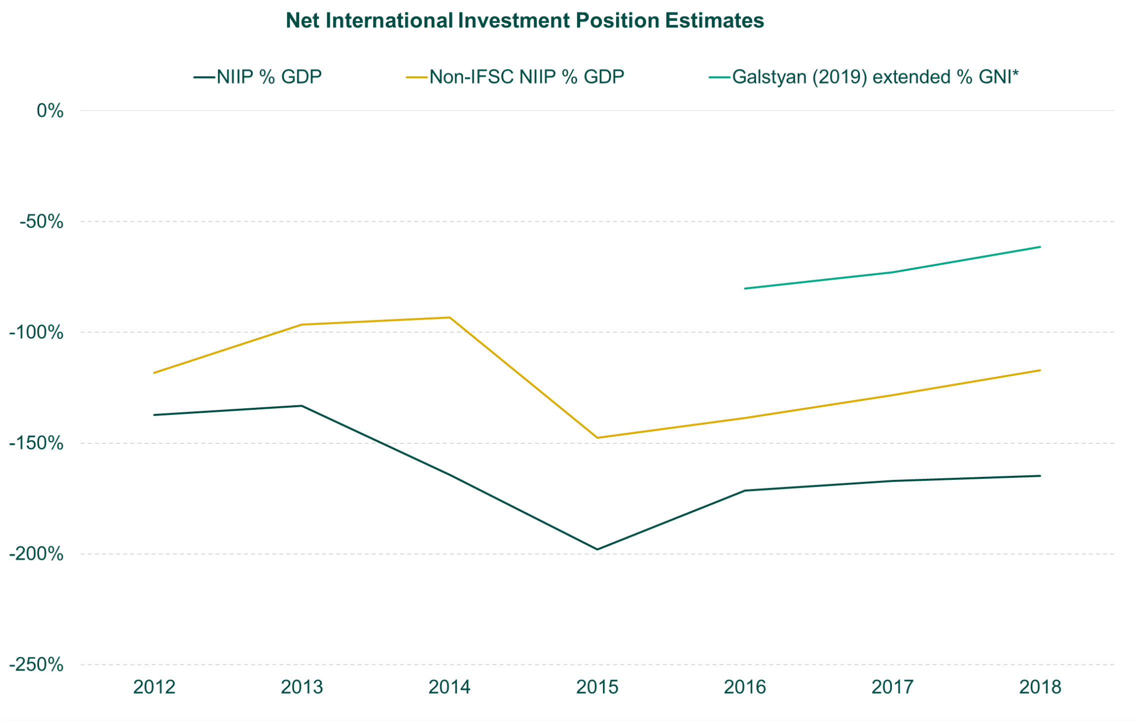
Who was living beyond their means?



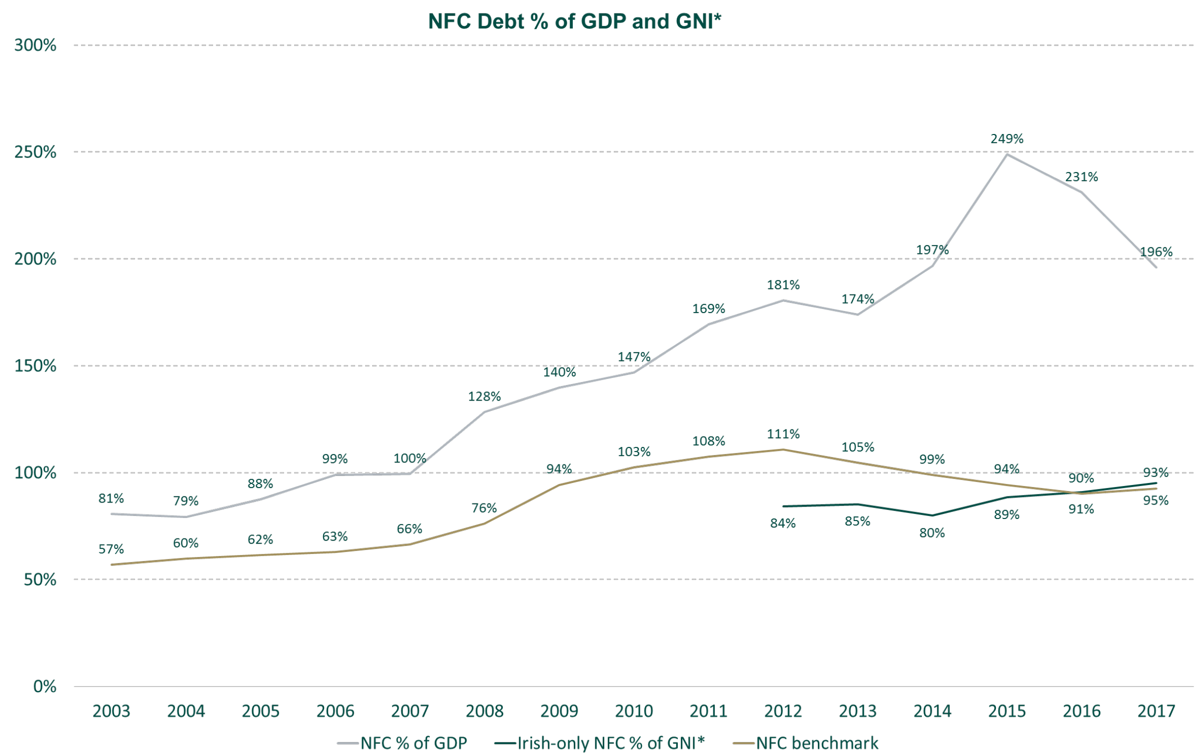
Modified current account norm



Ireland’s high external debt



Private sector debt – domestic imbalance?



Key Findings

- The modified current account (CA*) is an important macroeconomic indicator of sustainability and competitiveness
- Ireland’s economic recovery can be seen in the significant turnaround in the CA* – across all sectors
- CA* appears in line with that suggested by structural factors
- Underlying external and corporate debt much lower than headline figures suggest

Thank you

Questions Welcome