

유휴공간 활용 활성화를 위한 사회성과연계채권(SIB) 도입방안 연구

Schemes to Adopt Social Impact Bond (SIB) for Promoting Utilization of Vacant spaces

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SUMMARY

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There are limitations in recognizing vacant space merely as a leftover space or a surplus space and therefore using as a means of creating economic value by increasing the real estate value of the vacant space or leasing it. In particular, it is difficult to attract commercial tenants if the cause of the vacant space is a decline in local economy. Therefore, for vacant spaces created by a decline of the local economy, it is desirable to find ways to utilize the vacant space for creating social value, such as safety and livelihood, in the region, in addition to solving local issues and creating economic benefits.

However, it is difficult to create social value without taking the market dynamics – the economic benefits– into consideration. In other words, it is difficult in reality to input infinite amount of monetary resources to solve a social problem or create social value, let alone make such decisions in terms of policy aspects. Therefore, it is necessary that solving social problems solving or creating social values be evaluated in terms of monetary value.

That utilization of vacant space ought to generate social outcomes and that social performance ought to be converted into monetary value shows the necessity of introducing Social Impact Bonds in the projects for utilizing vacant space.

Therefore, this study aimed to analyze Social Return on Investment (SROI) from using vacant space and to identify the possibility of introducing 'Social Impact Bond (SIB)' and methods of application. In this way, the study sought to propose plans for promoting the use of vacant space by creating social outcomes, which is a shift from the method of traditional vacant space which was driven by the public sector.

Social Impact Bonds can be introduced for businesses that create social performance. Depending on the level of accomplishing the target social performance, the public sector executes the project expense, while the private sector receives initial investment and performance reward (incentive). In other words, the public sector can promote efficiency of the public budget by executing the budget according to level of accomplishing social outcomes, while the private sector will do its best to provide services for creating social values in order to retrieve investment and maximize performance reward.

As is evident in domestic and foreign cases, Social Impact Bonds were mainly introduced in welfare service area. Its target included 'people,' who are the recipients of the welfare service. The goal of Social Impact Bond was to use public budget to provide welfare services, including education, employment, and stable residence, until the recipients do not need such welfare services anymore. In addition to creating a series of social performance, this can reduce the continuous needs on providing services that solely depend on public budget.

This study aimed to convert the beneficiaries of Social Impact Bond projects (hereinafter referred as 'social performance reward project') from 'people' to 'space.' This is because neglecting vacant space causes social problem such as an increase in anxiety on crimes,

damage to the surrounding environment, and reduction of local atmosphere. Since it shows great social loss when neglected, just like welfare services, it is desirable to promote fundamental solutions rather than neglecting it and using the public budget only when required.

This study, which focuses on 'vacant space,' not 'people' as the beneficiaries of the social performance reward project, took notice of the concept of rent as financial expenditure or profit. This is because rent does not occur in other social performance reward projects which focus on people. Initial investment fund can increase due to rent or, on the other hand, work as a factor that creates 'profit.' This study presumed certain conditions to estimate the influence of rent as well as social return on investment (SROI) from social outcomes arising from the use of vacant space. The result showed that utilization of vacant space shows greater financial values in social performance compared to the input budget. This shows that introducing Social Impact Bond in projects utilizing vacant space is effective. Simulation conducted in this research can be used as reference points for conducting social performance reward projects on vacant space in the future.

However, while this study estimated social return on investment (SROI) by assuming certain conditions, it did not evaluate whether such a simulation is, in fact, feasible. It has limitation in that it did not test vacant spaces that are actually under operation or being prepared to be operated. The fact that actual vacant spaces were not used can be limiting in that the study could not handle various and unique social outcomes arising from use of different vacant spaces.

Keywords :

Social Impact Bond for vacant space, Social performance reward project, Social return on investment