



# Social and Affordable Housing Investment Tool

**Final Industry Report  
Project 1.81**

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**Sustainable  
Built Environment**  
National Research Centre  
AUSTRALIA

This research has been developed by Australia’s Sustainable Built Environment National Research Centre (SBEnc). The SBEnc develops projects informed by industry partner needs, secures national funding, project manages the collaborative research and oversees *research into practice* initiatives. Current Core Members of the SBEnc include ATCO Australia, BGC Australia, Government of Western Australia, Queensland Government, Curtin University, Griffith University, Western Sydney University and RMIT University. The industry-driven research outlined in this publication would not have been possible without the valuable support of our core industry, government and research partners.

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We encourage you to continue to draw on the results of our Centre’s applied research to deliver tangible outcomes for your operations. By working together, we can transform our industry and communities through enhanced and sustainable business processes, environmental performance and productivity.

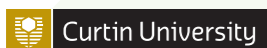


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The purpose of the Social and Affordable Housing Investment (SAHI) Tool is to support development of rigorous, evidence-based business cases to better justify investment in social and affordable housing in Australia.

The provision of social and affordable housing isn't only about the cost of the built asset; it also includes the holistic benefits of appropriate housing provision. The value of the SAHI Tool is that it takes an expansive approach, with outcomes and indicators included across nine impact domains and three context domains. The SAHI Tool addresses the complexity of defining the benefits of providing safe and secure housing to individuals, the community and government by demonstrating the benefits of investment. As such, the SAHI Tool identifies the current funding gap between the traditional cost-based approach and this benefits-based approach, and can assist in illustrating to stakeholders the impact of their investments.

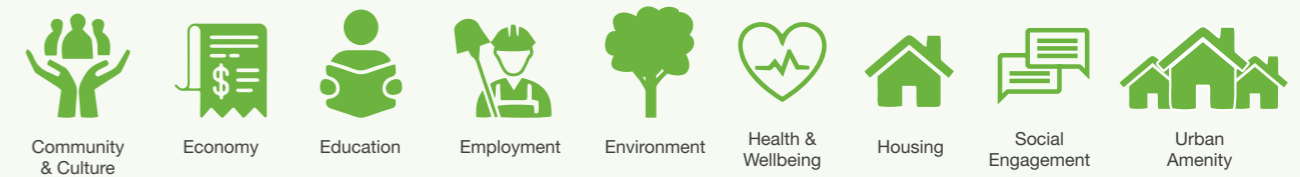
The tool builds on previous longitudinal research and consolidates more than 240 indicators, both quantitative and qualitative. These indicators are measurable and meaningful, providing evidence to support existing and future delivery of social and affordable housing.

Data shortfalls associated with privacy and commercial-in-confidence hinder the ability of the SAHI Tool to quantify many of the intrinsic benefits of housing; however, despite this limitation, the SAHI Tool provides an aspirational guidepost to future data gathering and use. Both qualitative and quantitative indicators are used to better define the broader benefits of access to housing, enabling more informed policy and investment-making and delivery.

The SAHI Tool has been designed using Excel software. A worked scenario for funding social housing is provided to demonstrate how the tool can be used by government and organisations to better understand the value of existing or future projects.

*Work is underway on the development of a web-based platform.*

**Impact Domains**



**Context Domains**



# 1.0 Industry Challenge

Australia's Sustainable Built Environment National Research Centre's (SBEnc) partners and stakeholders identified several key challenges facing the market in 2021:

- The critical current and projected lack of social and affordable housing has resulted in unacceptable numbers of people sleeping rough and facing persistent homelessness, and households unable to find social rental housing or enter/re-enter home ownership. This shortage has been compounded by labour and material shortages as a result of COVID-19 and associated government stimulus packages overheating the market.
- Extremely low vacancy rates and rising rental costs have locked many tenants out of the private rental market.
- A combination of rising interest rates and construction costs, along with a lack of suitable land for new builds has affected those seeking ownership options.
- Climate change is making many existing homes uninhabitable; for example, due to flood or fire risks and impacts, highlighting the need for new approaches to planning and building resilience.
- Technology could be used to improve construction times and address supply chain issues, particularly due to high competition from other industry sectors for labour and materials.

- There is need for a long-term policy strategy supported by all levels of government and industry, which could assist in establishing, developing and maintaining more effective delivery partnerships.
- The delivery capacity and capabilities and operational environment of social and affordable housing providers need to be further supported and strengthened.
- Community demands for minimum accessibility provisions for housing are increasing and need to be better addressed.

These challenges require stakeholders in industry and government to work together to ensure both short-term solutions and long-term correction in this fundamental element of our nation's social infrastructure and people's lives.

The Social and Affordable Housing Investment (SAHI) Tool provides a unique and comprehensive tool to help those in the Australian housing sector better leverage investment. It is intended for use by government housing and development agencies, state Treasuries, not-for-profit (NfP) organisations and industry stakeholders delivering housing policy, services and physical assets. The SAHI Tool will help inform conversations within organisations and with partners across the sector, including public and private sector investors, about the benefits of investment and will help build a stronger policy environment to enable more effective delivery.



## 2.0 SBEnrc Social Housing Research Program



Tribeca South Apartments, WA (Source: BGC Construction)

The SAHI Tool draws upon outcomes of six industry-led, collaborative research projects undertaken by the SBEnrc from 2014 to 2021. This collaborative program of research has provided new ways of understanding and accessing the real value of social and affordable housing.

The initial project, *Rethinking Social Housing*, aimed to shift the conversation from the costs of providing social housing to the benefits of doing so. The *nine impact domains* developed in that project to detail the broad quantitative and qualitative benefits of access to housing have underpinned all subsequent research.

The *Valuing Social Housing* project tested the resulting strategic benefits framework and introduced the Composite Return on Investment (CROI) approach to help build the case for investment in social and affordable housing.

Subsequent projects have: considered the strengths and weaknesses of various social procurement approaches to develop a set of social procurement criteria; mapped the Australian Social and Affordable Housing Network; identified 13 network participant groups; and developed a set of *Liveability and Accessibility Guidelines for Higher Density Social and Affordable Housing*. Further information about these projects including source materials, reports and videos are available at the respective websites below.

This extensive research was used to establish a productivity-based conceptual framework, which highlighted potential benefits of social and affordable housing delivery through four lenses: individual, macro-economic, fiscal and social and environmental capital.



Drummond precinct streetscape, Ellenbrook, Western Australia (Source: Now Living – BGC Group)

Liveable Social and Affordable Higher Density Housing	<a href="https://sbenrc.com.au/research-programs/1-71/">https://sbenrc.com.au/research-programs/1-71/</a>
Mapping the Social and Affordable Housing Network	<a href="http://sbenrc.com.au/research-programs/1-61/">http://sbenrc.com.au/research-programs/1-61/</a>
Procuring Social and Affordable Housing	<a href="http://sbenrc.com.au/research-programs/1-54/">http://sbenrc.com.au/research-programs/1-54/</a>
Valuing Social Housing	<a href="https://sbenrc.com.au/research-programs/1-41/">https://sbenrc.com.au/research-programs/1-41/</a>
Rethinking Social Housing	<a href="http://sbenrc.com.au/research-programs/1-31/">http://sbenrc.com.au/research-programs/1-31/</a>










The SAHI Tool consolidates outcomes and indicators identified from previous research to enable a better understanding of the broader value of social and affordable housing. It has aimed to inform the shift from cost-based accounting to better accounting for benefits, both quantitative and qualitative, in the context of our complex housing system. As such, the tool seeks to provide stronger and more accessible evidence for increased investment in housing as critical social infrastructure.

The Excel-based source tool<sup>1</sup> includes worksheets and dashboards for the nine impact domains and three context elements. The 12 worksheets include more than 240 indicators, with a set of core indicators identified for use in developing scenarios for specific use. The remaining indicators are classed as elective, with users also able to add program/project-specific indicators.

The content in the SAHI Tool was refined through a series of iterations informed by 14 consultation sessions with several partner organisations and industry stakeholders.




The nine impact domains are drawn from the Centre's *Rethinking Social Housing* research and have underpinned SBEncr social and affordable housing research since 2014. The first two of the three context domains are drawn from previous and current SBEncr social and affordable housing research including: (i) the CROI approach developed in the *Valuing Social Housing* project; and (ii) the *Mapping the Social and Affordable Housing Network* project. The third context domain has been developed from Australian and international case studies undertaken in this research, in 2022.

## The Impact Domains

Impact Domain	Example of Outcomes and Indicators Considered
 Community and culture	Equitable opportunity, community connectedness and planning for community
 Economy	Macro- and micro-economic systems and economic equity and diversity
 Education	Impact of access to housing on both participation and performance
 Employment	Participation and mobility
 Environment	Considering utilities and physical assets in a whole-of-life context
 Health and wellbeing	Access to and demands on health system, and health and wellbeing benefits of secure housing
 Housing	Sustaining tenancies, effective housing asset and service provisions, and liveability
 Social engagement	Social capital, cohesion and empowerment, antisocial behaviours and activities, and neighbourhood engagement/issues
 Urban amenity	Placemaking, regeneration, satisfaction and accessibility (both personal and transport-related)

<sup>1</sup> Link available at <https://sbenrc.com.au/research-programs/1-81/>

## The Context Domains

Context Domain	Example of Outcomes and Indicators Considered
 Transformational narratives	Captures the impact of housing on an individual's life, development and wellbeing to better understand the unique value and impact of access to safe and secure housing on subjective wellbeing and quality of life
 Network engagement	Promotes broad consultation across the network to understand the breadth of potential impact and help limit unintended or unforeseen impacts, highlighting the expansive nature of the network
 Innovation opportunities	Gathered from a limited review of case studies focused on market-facing, mixed-use and mixed-tenure social and affordable housing developments



Modular prefabricated home delivered in Queensland in 2022/2023 (location confidential)  
 Luke Rowlinson – Creating Positive Futures & Rowlinson Architects  
 (Source: Shared with permission of the housing operator and lead contractor)

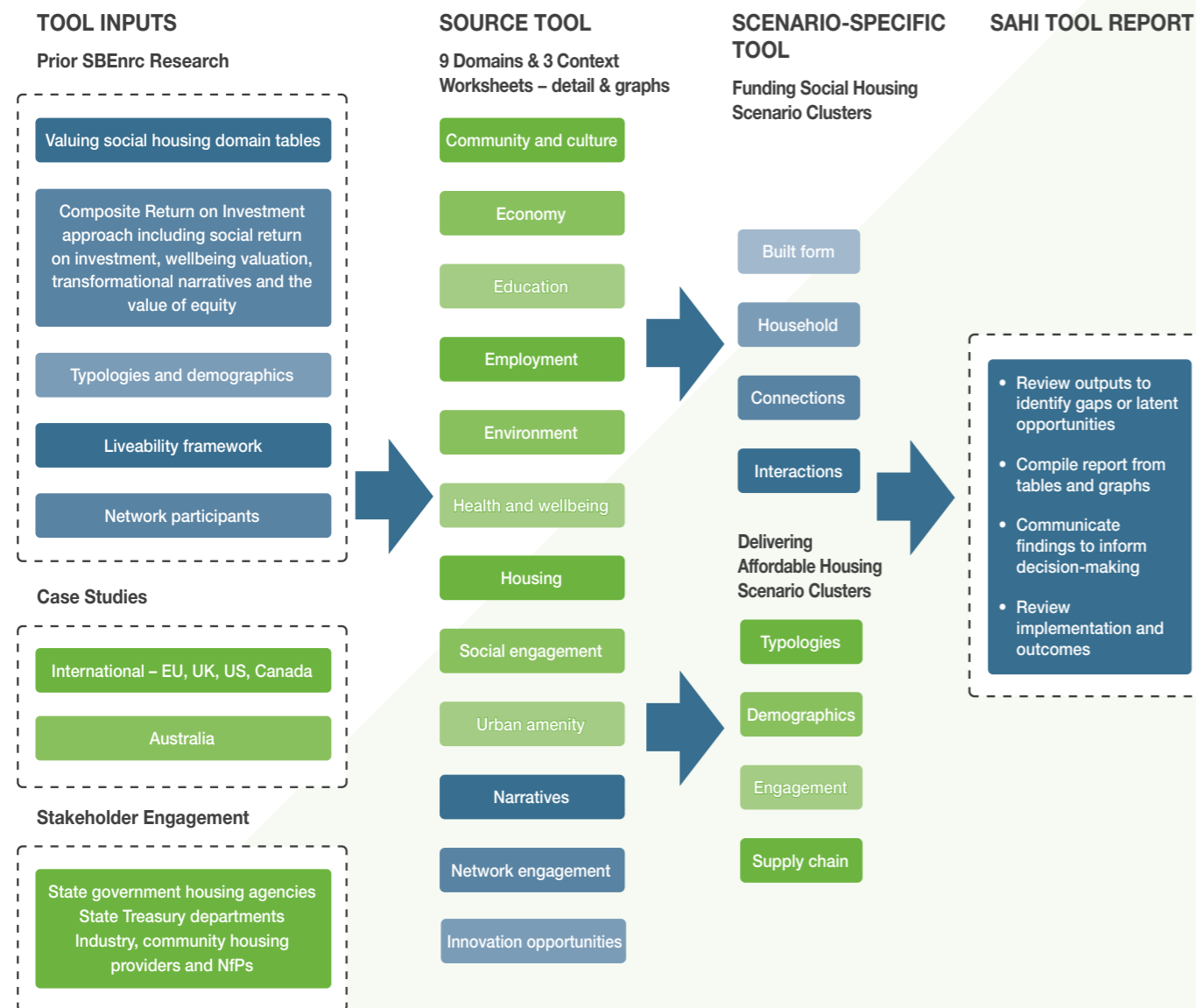
The SAHI Tool requires the user to select relevant indicators from those available (in addition to the set of core indicators) to build a relevant scenario-based tool. It is then recommended that users group indicators into three to four clusters to enhance useability. Users then input both quantitative and qualitative data and information in the columns provided (examples are provided in the tool).

Quantitative data, such as distances to social or community facilities, can be inserted along with monetised returns, where available, which are then graphically illustrated. Examples of qualitative information include the accessibility of the routes to community or social facilities or an improved sense of wellbeing.

The SAHI Guidebook is available with the tool at our project website:

<https://sbenrc.com.au/research-programs/1-81/>

## Excel Tool Development



The Grange, Ellenbrook, Western Australia  
(Source: BGC Residential)

Using the SAHI Tool

The steps involved in using the Excel-based version of the tool (v 1.0) follow. This version includes a developed scenario for *funding social housing*, with four clusters identified specifically for this scenario: building type, household, connections and interactions.

Other examples of possible scenarios include: *Delivering affordable housing* – to help communicate provider/developer intent and desired outcomes to other members of the project supply chain; or *Post-occupancy evaluation* – providing the basis for comparison as part of assessing and exploring the benefits of a recently occupied project.

Step 1 – Indicator selection

It is recommended that this initial process is completed by a team of stakeholders.

1. Select indicators from the impact and context domain worksheets in the source tool – to include the core indicators, elective indicators and additional program or project-specific indicators.
2. Sort indicators and copy across into three or four clusters, focused on like characteristics to assist with assessment and communication.

Questions to be asked to assist with identifying indicators for a specific scenario include:

1. *Who will be using the tool?*
2. *What is the program/project priority?*
3. *When in the program/project cycle is the tool being used?*

4. *What data is available and from what sources?*
5. *Does this selection provide stretch targets and/or opportunities for innovation?*
6. *What indicators best convey project intent and priorities to delivery partners?*

Step 2 – Input data and information

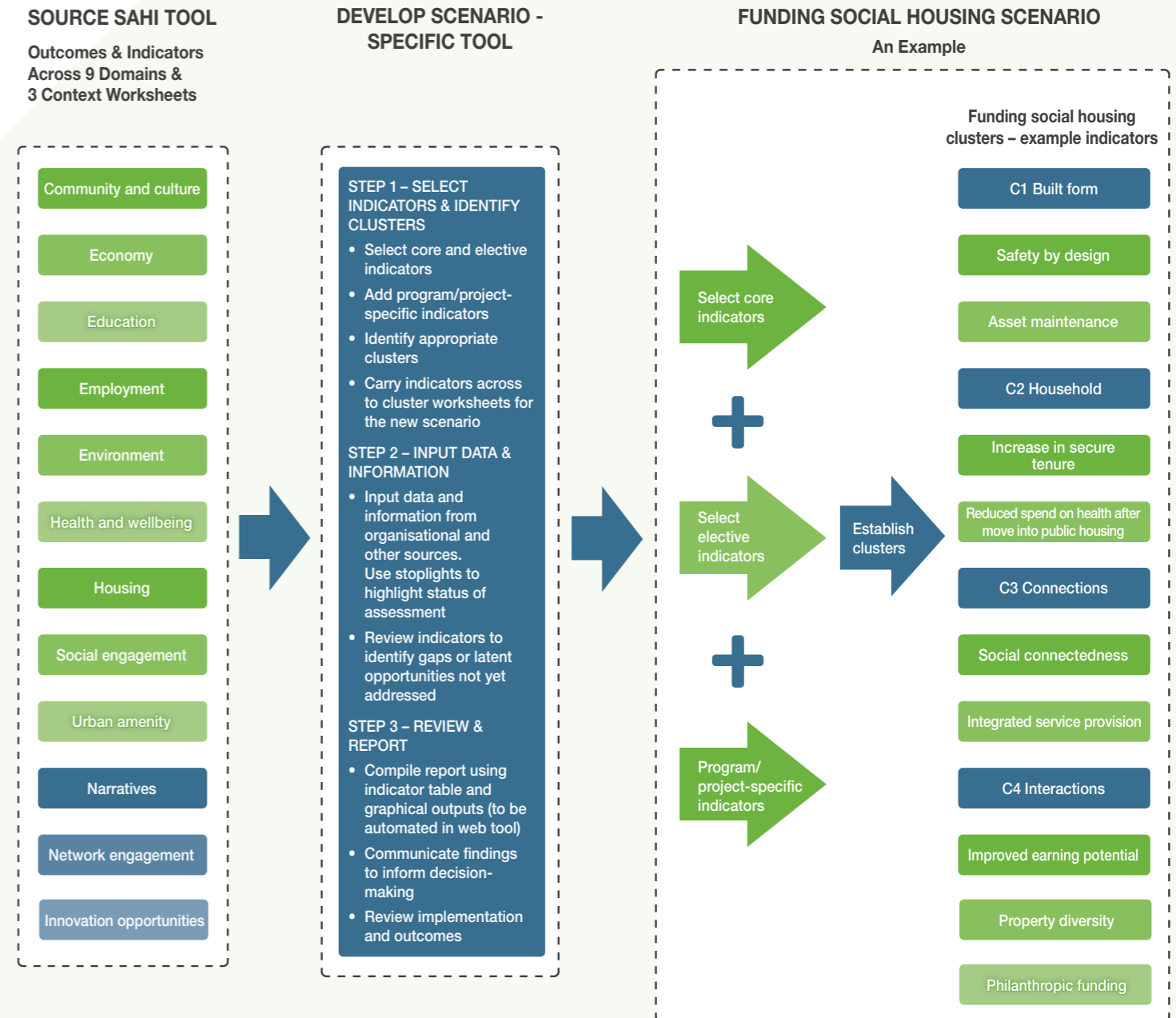
1. Input data and information from internal organisational sources or other relevant external sources, as per examples provided. Upload or link organisation data and/or regularly sourced external data.
2. Insert details into relevant columns, noting data sources to ensure an audit trail.
3. Complete the ‘stoplight system’ to highlight the status of the assessment (red = information not available; amber = information not yet compiled; green = information assessed).

Step 3 – Review and report

1. Undertake a final review of inputs, preferably by another team member, to identify any gaps or latent opportunities.
2. Compile report using: (i) the cluster worksheets; and (ii) the linked return on investment (ROI) graphs from the dashboards.
3. Review outcomes at each milestone and compare outputs from different applications of the tool.

A web-based tool is currently under development to help automate these processes.

Developing the Scenario-specific Tool





The SAHI Tool provides a set of more than 240 qualitative and quantitative indicators which can be drawn upon to assess the benefits of investment in a specific program or project. These indicators demonstrate the breadth of impact across nine impact and three context domains.

Supporting evidence is required as part of the assessment, with \$ROI being captured where available. With quantitative data still problematic in the sector, the arguments for increased investment in this critical social infrastructure can be bolstered by having access to rigorous and defensible information on qualitative benefits.

Using the SAHI Tool will help inform these investment conversations within government and organisations, and with partners across the sector. This will help build a stronger policy context and also identify gaps in capacity and capabilities which currently inhibit delivery.

Initial development of a web-based SAHI Tool is underway, for use in the public domain or internally on an organisation's intranet. A web-based platform will provide enhanced functionality and will automate basic functions.

Additional funding is being sought to further develop the web tool, to maintain and update indicators and metrics and to document case studies on how it has been used. At present, inputs by organisations need to be manually updated.

Laplane and Mazzucato (2020)<sup>2</sup> note that the role of government intervention in the event of market failure, without an associated financial return to government, needs to be reconsidered to enable the government to effectively address critical issues. The shift to a benefits-based rather than a cost-based approach to policymaking and service delivery is required to facilitate this. The SAHI Tool provides one mechanism to better understand and address this transaction.

Such a change in mindset could assist in redefining the process of investing in and providing additional, much needed social and affordable housing. Steps in this direction can already be seen in the context of public, private and NfP partnerships and social impact investing.

These approaches are, however, still nascent when it comes to housing, given the difficulty around the definition of benefits, and require instruments such as the SAHI Tool to provide additional evidence to inform conversations and decision-making.

The Australian Treasurer Jim Chalmers has written of 'values-based capitalism'<sup>3</sup> as being a priority. Mr Chalmers discusses the need for 'public-private co-investment and collaboration, and the renovation of key economic institutions and markets'.<sup>4</sup> Strong synergies exist between these comments and the intent of the SAHI Tool. Moving forward, we all need to take steps to ensure this research informs national debate and decision-making.

Through the SBEnc's project outputs and Project Steering Group network we also work to ensure a broad dissemination of research outcomes. Along with this final industry report, a recording of our Final Industry Seminar, a YouTube video, research reports and media releases are all available at our project website.

The SBEnc continues to build on this program of research, with a new research project commencing on 1 April 2023. The project will investigate the potential of Build to Rent (BtR) options to increase the supply of rental housing in Australia including the practicality of seeking to secure a portion of social and/or affordable housing through multi-sector partnerships.

The project will also provide recommendations to assist with improving the supply and diversity of BtR across different housing markets into the future. Research will include a scan of the market literature, stakeholder interviews and international best-practice case studies in comparator countries.



Mckean Street, Redcliffe, Western Australia  
(Source: BGC Residential)

<sup>2</sup> Laplane A and Mazzucato M (2020) 'Socializing the risks and rewards of public investments: Economic, policy and legal issues,' *Research Policy*: 11.

<sup>3</sup> Chalmers J (2023) 'Capitalism after the crises.' Retrieved 15 February 2023, from <https://www.themonthly.com.au/issue/2023/february/jim-chalmers/capitalism-after-crises#mtr>.

<sup>4</sup> Grattan M (2023) 'Jim Chalmers lays out agenda for pursuit of 'values-based capitalism'.' Retrieved 15 February 2023, from <https://theconversation.com/jim-chalmers-lays-out-agenda-for-pursuit-of-values-based-capitalism-198675>.

## 6.0 From our Partners

*'At a time when access to social and affordable housing is at record lows and governments at all levels are looking for new and innovative ways to fund and procure new housing stock, the development of a Social and Affordable Housing Investment Tool is very timely. It builds on previous work from the Sustainable Built Environment National Research Centre, in particular on outcomes and impact frameworks. It has been done in a powerful partnership between state governments, industry partners, community organisations and peak bodies, and drawn together by a very skilled and experienced academic and research team. We now look to the future as we look to key levers from government and investment partners in Build to Rent Housing. I thank all of our partners and the team for a job very well done.'*

Ian Carter AM, Project Steering Group Chair

*'The value of this research translates into forward thinking and planning for BGC. It is helping us identify opportunities where we might not have seen them before. The broader criteria and out-of-box ideas this research generates not only directly impacts our outlook, but just as importantly helps to educate the wider market and to look at more diverse ways of achieving built form outcomes.'*

James Edwards, Architect, Design Manager,  
BGC Development

*'I was particularly impressed with the wide-ranging consultation with housing specialists across Australia including from the National Housing Finance and Investment Corporation, community housing providers, various state governments (lending, development, housing and Treasury) and from advocacy, research and specialist knowledge bodies such as universities, disability groups, National Shelter, and Urban Development Institute of Australia. This will give the SAHI Tool considerable legitimacy and credence.'*

Humair Ahmad, Director Community Housing,  
NSW Department of Communities and Justice

*'The SAHI Tool can assist in validating investment in good-quality design and social procurement for affordable and social housing, providing a remarkable outcome for the research stakeholders and the tax-paying community. It is particularly important to help validate the use of social enterprise pathways to assist stakeholders, for example, to appreciate the impact of training and apprenticeship outcomes. Investing in these outcomes is required for capacity-building for the broader construction industry, and the economy. Social procurement is, however, often more capital-cost intensive than traditional procurement, so the SAHI Tool offers the unique opportunity to validate the extra capital – and look at a composite return on investment.'*

Luke Rowlinson, Architect, Creating Positive Futures



**Find out more:**

Project webpages (including link to YouTube video):  
*Developing a Social and Affordable Housing Investment Tool*  
<https://sbenrc.com.au/research-programs/1-81/>

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**Front and rear cover image:**

Tribeca East Apartments, WA  
(Source: BGC Construction)

