

Procuring social and affordable housing: Changing demographics, updating typologies, & aligning social procurement criteria

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Core Partners



**Family &
Community
Services**



Project Partner



Project Affiliates

**Access Housing - CHIA – Housing SA - KPMG – NAHC - NSW UDIA –
Power Housing Australia - Vic. Dept of Human Services**

SBEnc social housing research projects

Rethinking Social Housing Aug 14 - Sept 15

Develop Framework Strategy

Applicable to future innovative delivery models.
Timescale, location & granularity.

Productivity-based framework
- benefits to: tenant; macro-economic; fiscal & non-economic.

Establish Elements:

- 9 Domains, 53 outcomes & over 160 indicators
- Associations
- Return on investment
- Data

Valuing Social Housing March 16 - March 17

Develop Elements

Establish methodologies for:

- Associations
- Composite Return on Investment (CROI)

Identify data needs, sources & availability.



Procuring Social & Affordable Housing Apr 17 - Sept 18

Develop Procurement Criteria

Typologies & Demography:

- Review literature
- Demographic changes

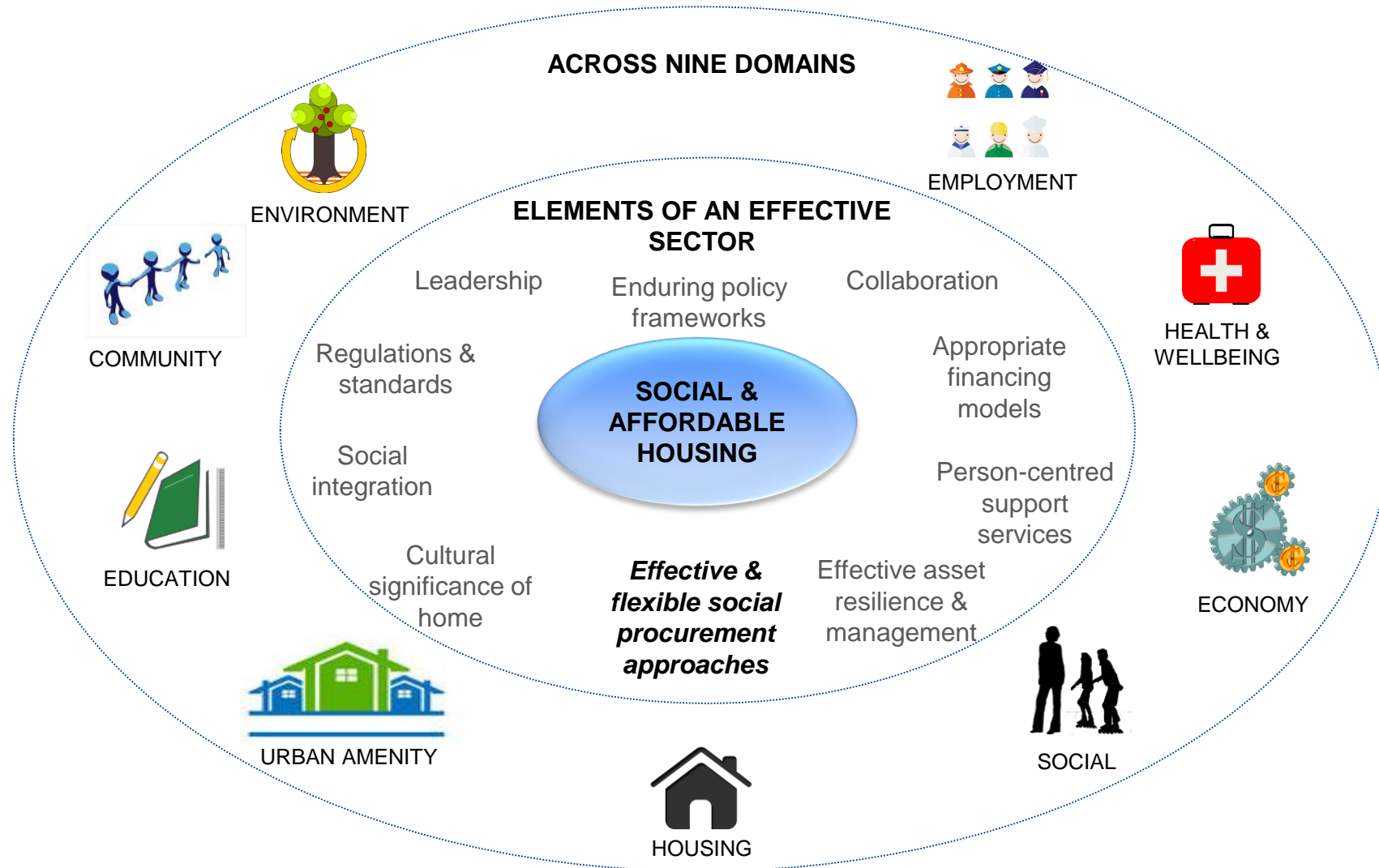
Procurement approaches

- compare & contrast approaches
- 360 survey

Review **funding & financing** models

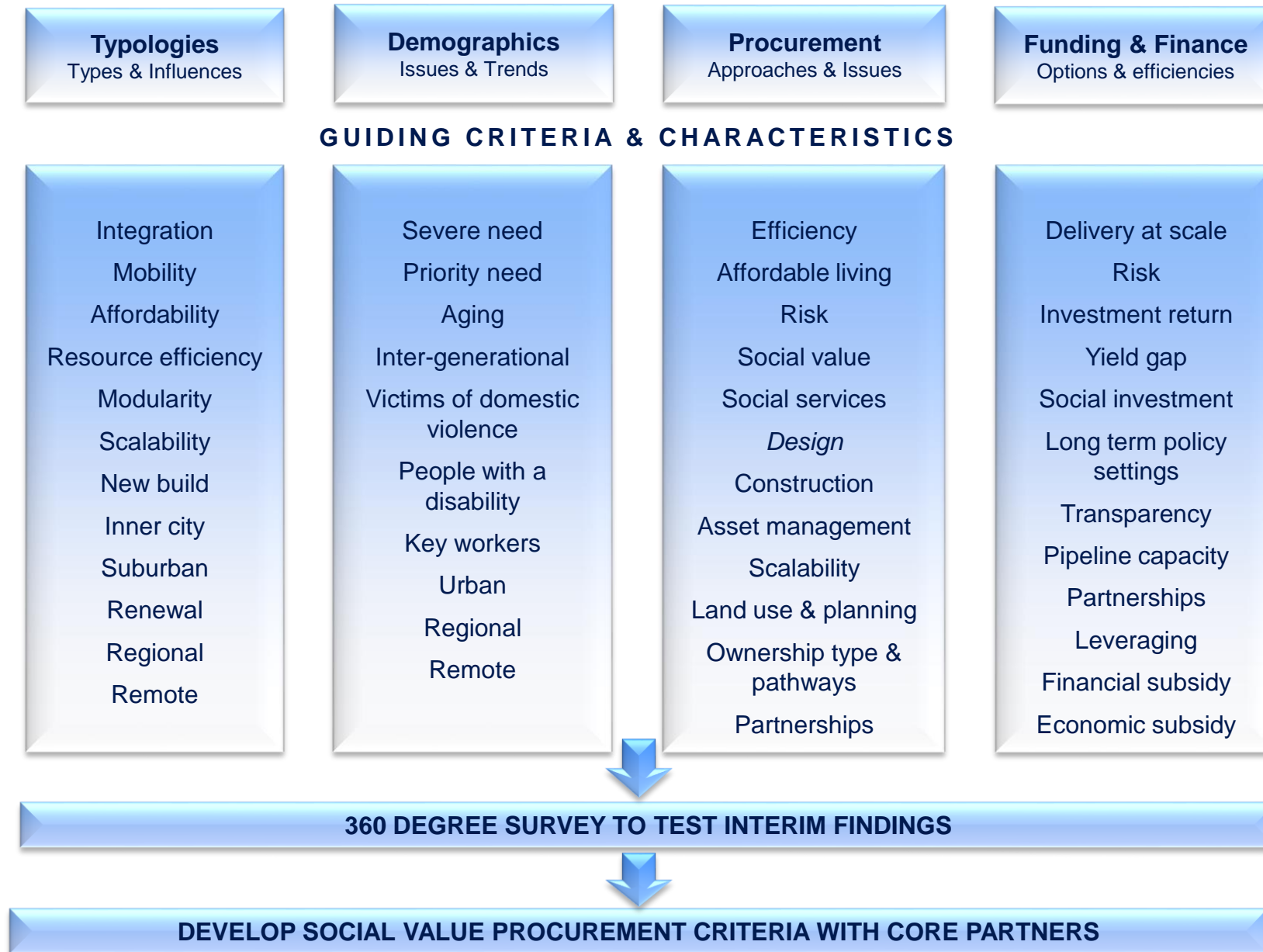
Develop **criteria for social value procurement**

Elements of an effective sector



Sources: Kraatz, J. A., Mitchell, J., Matan, A. & Newman, P. 2015. Rethinking Social Housing: Effective, Efficient and Equitable - Final Industry Report. Brisbane, Australia, SBEnc; and Milligan, V., H. Pawson, R. Phillips and C. Martin (2017). Developing the scale and capacity of Australia's affordable housing industry: Inquiry into affordable housing industry capacity. Melbourne, Australia, AHURI.

Research approach



First steps ...

Limited review* of academic and industry literature for:

- **Typologies** - changing & emerging housing typologies in WA, Qld & NSW;
- **Demographics** – changing demographics driving new current & future needs
- **Social procurement approaches** - compare & contrast different approaches
- **Funding & financing models** – how can new and emerging models drive efficiency

* AHURI, WA, Qld & NSW; & Canada (CMHC), US (NHC), UK & EU (via ENHR)

Early findings ...

Typologies and demographics: :

- Population ageing - to double by 2030
- Complex life course trajectories
- Trend to more holistic approaches for resilient & sustainable communities
- Long-term strategies, policies & processes - embed housing into sustainable precincts
- Inner-city infill a priority area for cities
- Diversity of dwelling types needed
- Community input a valuable resource

Track long term demographic changes.

Rethink expectations

Different needs at different points in time.

Housing types include: shelters, couch surfing, boarding houses, caravans, hostels, public housing, community rental, share houses, tiny houses, townhouses / terraces, detached houses, semi-detached houses, low-rise units, high rise units, medium rise units, communal housing, co-housing, intentional communities, urban rural, remote community housing, rural.

Early findings ...

Current ***social procurement approaches*** include:

- Planning mechanisms
- Public sector housing provision
- Stock transfers
- Estate renewal
- Remote indigenous
- NDIS
- Partnerships / joint ventures
- Community housing
- private rental brokerage
- Shared equity
- Social impact/benefit bonds
- Cooperatives
- Build to rent
- Rent to buy
- Common Ground

Each state has expertise and varying success levels with different approaches. What are the conditions which influence this?

Early findings ...

Preliminary *social procurement criteria*:

- Benefits/outcomes measurement
- Timeframe for benefits realisation
- Agility and responsiveness
- Scalability
- Partnership potentials
- Supply chain maturity
- Capacity building needs
- Integrated service/infrastructure provision
- Cohort needs
- Location-specific responsiveness
- Housing pathways
- Risk sharing/distribution
- Lessons learned
- Future opportunities



Early findings ...

Risk analysis of existing funding models:

- **Cost of finance** - the higher the share of public investment & stability of revenue settings, the lower the cost of private finance & more affordable the dwellings can be.
- **Credit risk/ Default risk** - can be controlled with PPPs
- **Sustainability/ long term predictability of funds** - set mile stones
- **Government policy reforms** - disproportionate flow back – return income & tax receipts from city's growth to improved infrastructure (e.g. shortage of affordable housing)
- **Current Australian policy settings** affecting supply - e.g. capital investment, planning provisions
- **Lack of innovative funding or financing approaches**

Next steps...

- **360 survey** across the housing supply chain based on results of literature reviews and desk top research
- Development of a **set of criteria for analysis of social value procurement approaches**, with recommendations to:
 - optimise procurement efficiency & provide clarity, consistency & transparency around social value delivery
 - ‘find-the-best-fit’ in optimising the investment risk equation & aligning the benefits

Next steps...

Understand, integrate, leverage and track:



FUNDING & FINANCE

Improve access to funding & financing
Government partnerships to reduce risk
Social returns



PEOPLE & DEMOGRAPHICS

Across the nine domains
Track changing needs for social & economic infrastructure



HOUSING TYPES

Innovative housing
Integral part of sustainable communities
Mechanisms for change incl.:
Procurement
Planning system
Housing types
Use assets differently



SOCIAL PROCUREMENT

Diversity of options
State by state pre-conditions for success
Integrate with funding & financing

Inform policy initiatives and product delivery through:
Developing social procurement criteria
Supply chain risk analysis

Thank-you

1.54 Procuring Social and Affordable Housing at:

<http://www.sbenrc.com.au/research-programs/1-54-procuring-social-and-affordable-housing-improving-access-and-delivery/>

1.41 Valuing Social Housing at:

<http://www.sbenrc.com.au/research-programs/1-41-valuing-social-housing/>

1.31 Rethinking Social Housing at:

<http://www.sbenrc.com.au/research-programs/1-31-rethinking-social-housing-effective-efficient-equitable-e3/>