Project 1.11.1

Business Model Innovation for Unlocking Modern Methods of Construction in Social and Affordable Housing Supply

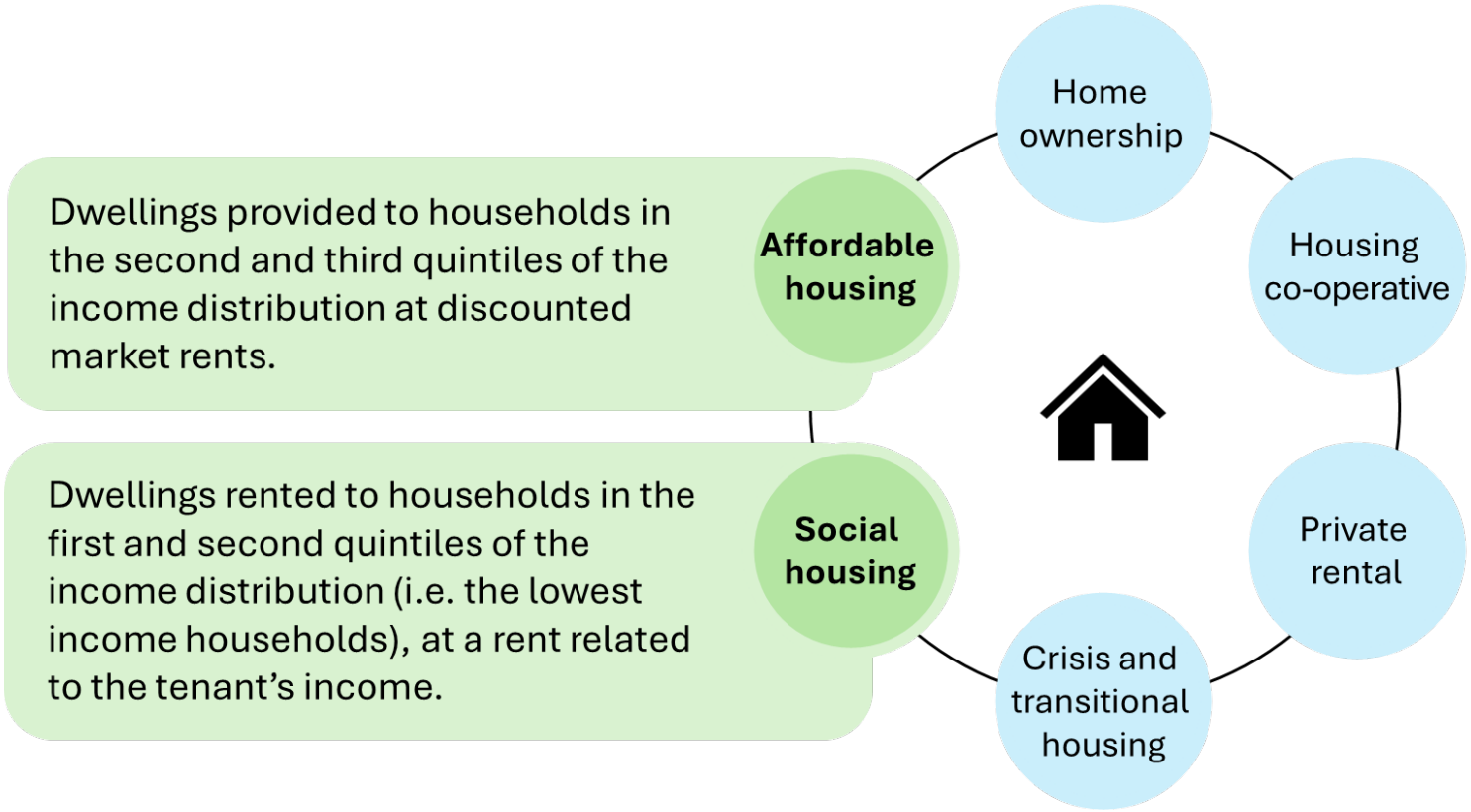
PSG#2

Research Objectives

1. **Map current delivery contexts:** Map how social and affordable housing MMC projects currently operate, including the strategies, organisational decisions, processes and practices of key stakeholders under varying jurisdictional settings.
2. **Identify business model barriers:** Identify regulatory, organisational, technical and other systemic challenges within current delivery contexts that constrain the uptake of MMC in social and affordable housing supply.
3. **Develop business model innovation strategies:** Provide business model innovation strategies to address identified barriers and strengthen the economic, social and environmental value of MMC to enable broader uptake in social and affordable housing.



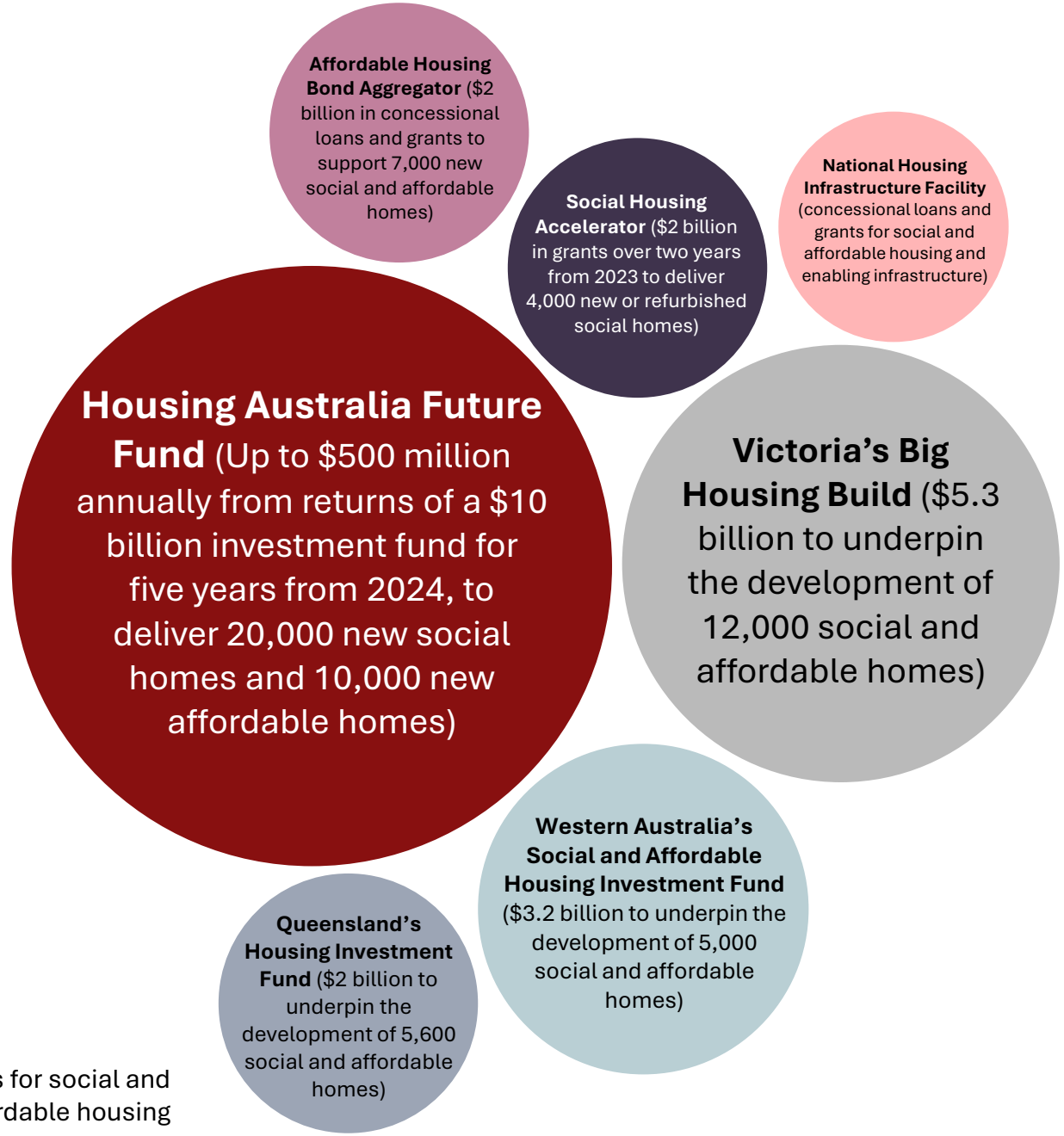
Social and Affordable Housing



Housing tenure types in Australia (Adapted from National Housing Supply and Affordability Council (2024))

Policy Agenda

Recent federal, state and territory initiatives signal a renewed investment commitment.



Major federal and state policy initiatives for social and affordable housing

MMC - Definition

Standards Australia *Prefabricated building—Glossary of terms* May 2026	MMC: "**variety** of construction methods that are **different** to traditional onsite construction used to plan, design, and build within the constantly evolving workforce, supply chain and advanced technological landscape. These methods include **prefabrication**, **off-site manufacturing**, and methods that produce **modular**, **2D-panelised** or **volumetric** dwellings, as well as new technologies such as **3D printing**, **robotics**, and **artificial intelligence (AI)**"
Australian Building Codes Board (ABCB) July 2026	Prefabricated Construction: "A method of construction in which **a building, in whole or in part**, is **made in a location separate from the site of installation**"

Policy Initiatives - Federal

Australian Government in partnership with states and territories	**$49.3 million** funding for jurisdictional programs to expand prefabricated and modular construction **capability** and support local industry development
Australian Building Codes Board, commissioned by the Commonwealth	**$4.7 million** to develop a voluntary national scheme for **certifying** manufacturers of MMC systems to provide a nationally consistent assurance pathway
Australian Treasury and state and territory governments	**$120 million** to **regulate** modern housing construction methods consistently with conventional construction
Australian Government	**$40 million** for development and uptake of **a national "Kit-of-Parts" program** using standardised components such as bathroom pods, wall panels and façades.

Policy Initiatives - VIC

Department of Transport and Planning / Victoria Government	Enabling MMC **regulatory reform** program, Funded through the 2024–25 State Budget
Victorian Government; Consumer Affairs Victoria; Building and Plumbing Commission	**Reform of the Domestic Building Contracts Act 1995** to accommodate contemporary construction practices, including projects with different proportions of MMC and progress payments reflecting work undertaken off-site
Homes Victoria	Regional Housing Fund delivering **250 MMC social and affordable dwellings** through an established panel of MMC suppliers
Melbourne Polytechnic, Victorian Government and Australian Government	**$50 million joint Commonwealth–Victorian investment** for Future of Housing Construction Centre of Excellence

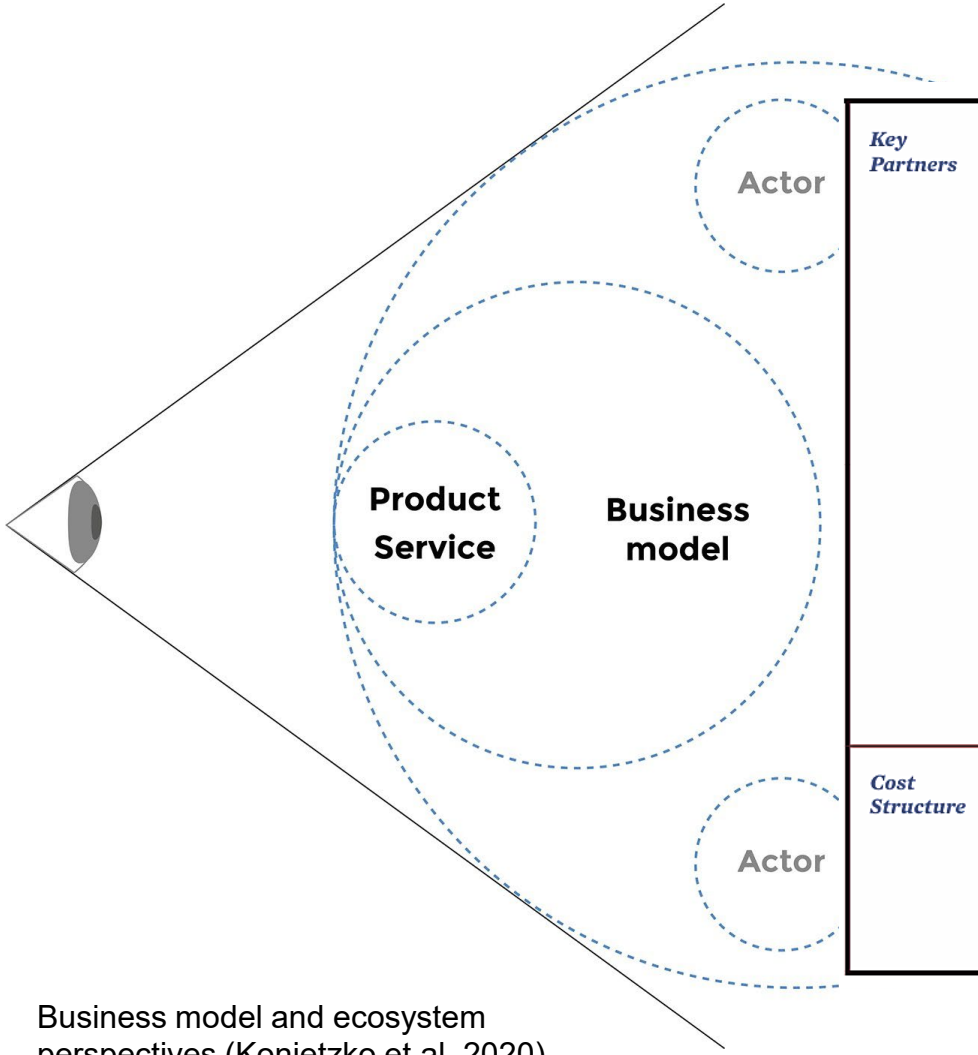
Policy Initiatives - QLD

Queensland Department of Housing and Public Works / QBuild	**QBuild MMC Program** delivering **modular social housing** and government-employee accommodation, particularly in regional and remote areas
QBuild and Office of the Queensland Government Architect	**Standardised MMC housing design range** comprising studio and one-, two-, three- and four-bedroom designs
QBuild and Office of the Queensland Government Architect	Rapid Accommodation and **Apprenticeship** Centre; Modern Methods of Construction **Training** Centre displaying modular homes
Queensland Government / QBuild	Expansion of QBuild's Portsmith **housing-manufacturing facility**

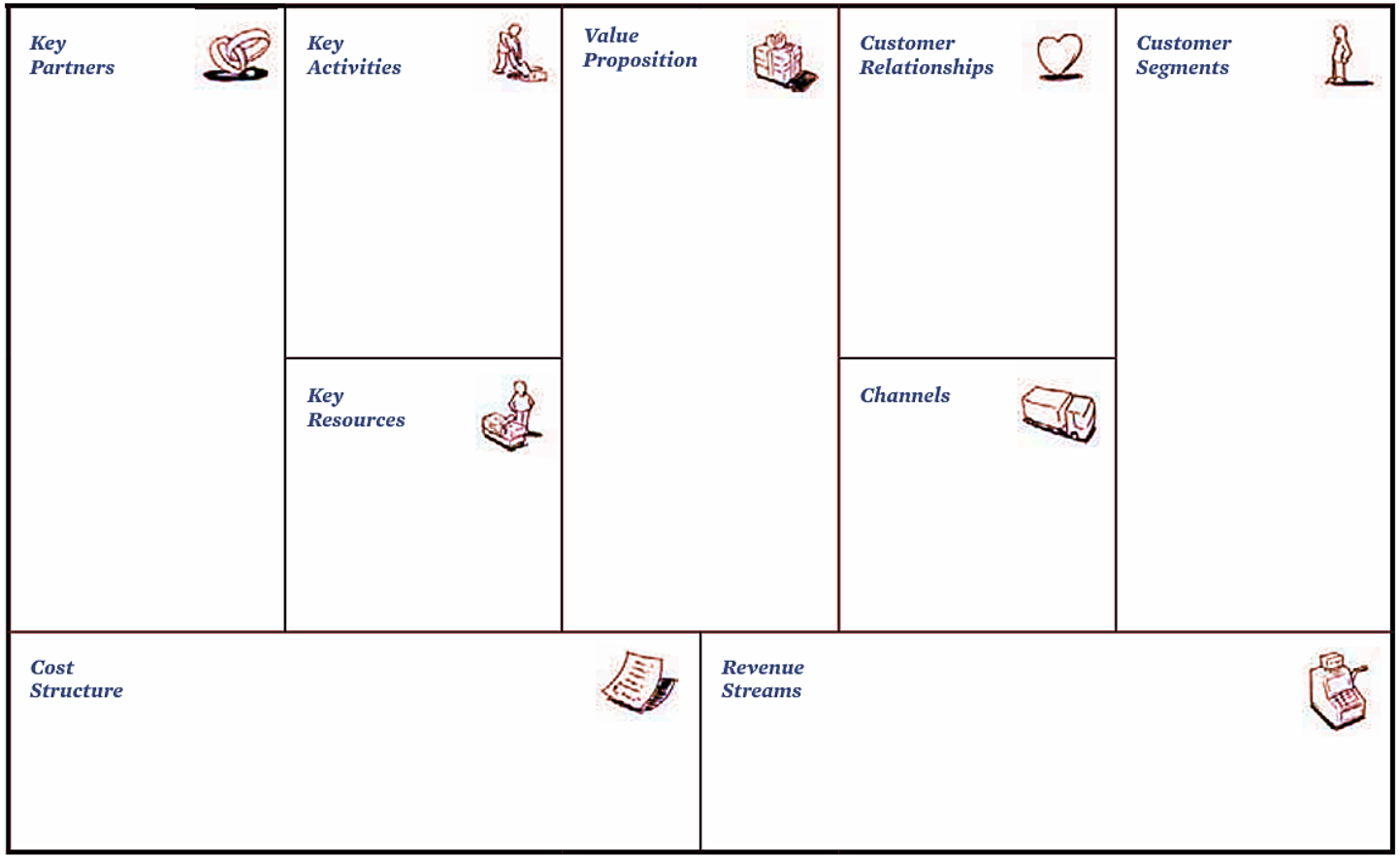
Policy Initiatives - WA

Department of Energy and Economic Diversification, with the Department of Housing and Works	A **$28 million** competitive grant stream and a **$20 million** low-interest loan Housing Innovation Fund **supporting firms** to adopt innovative construction technologies and practices
WA Government, in partnership with private-sector manufacturers	**$48 million** for the establishment and expansion of two Housing and Infrastructure **Advanced Manufacturing Facilities** at Kwinana and Neerabup
Department of Housing and Works	State-wide Modular Build Program delivering more than **200 modular social homes** through government-appointed modular-builder panels
Department of Communities / Department of Housing and Works	Prefabricated tiny-home social-housing pilot; Prefabricated Housing Design and Construct Specification

Social and Affordable Housing

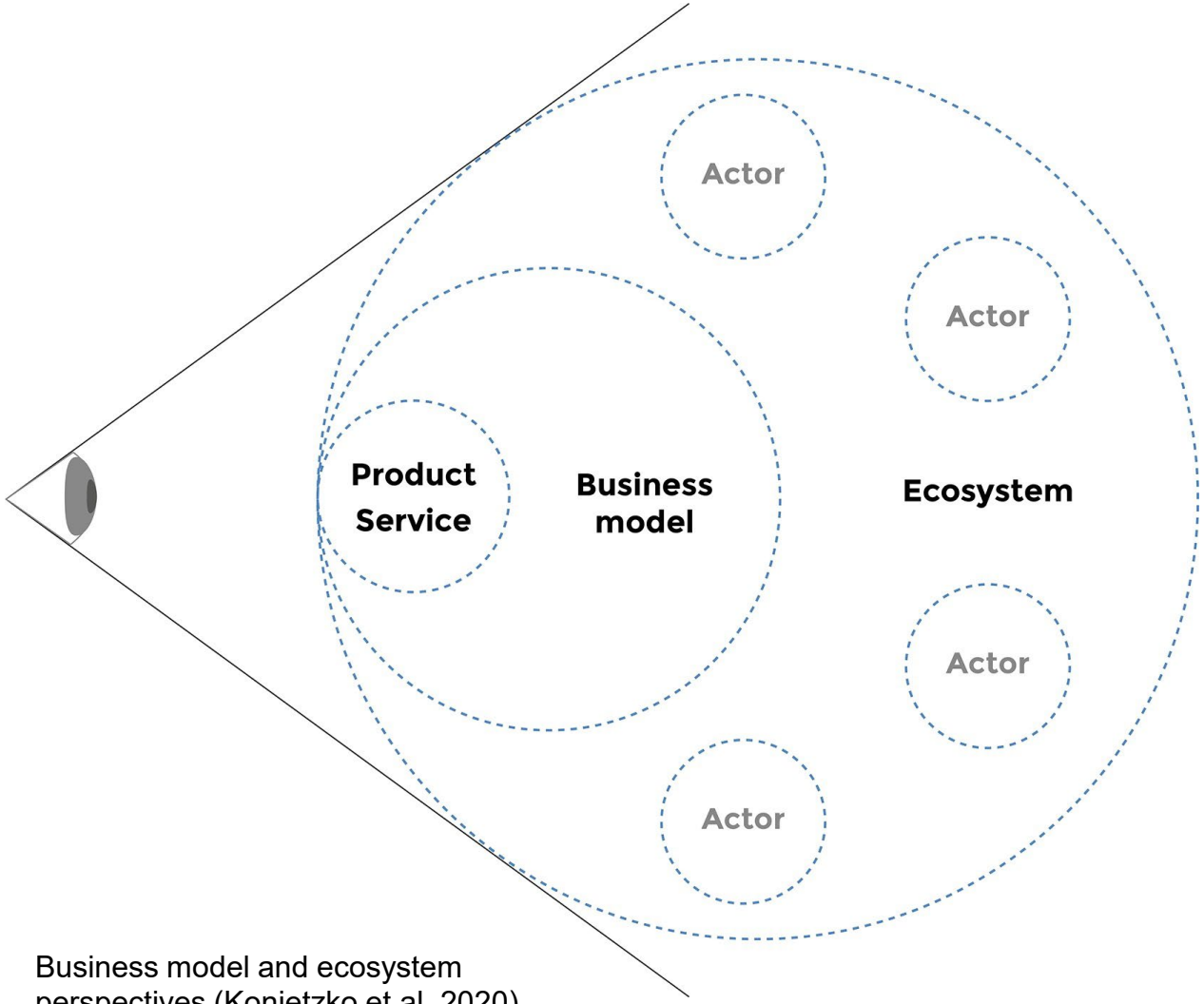


Business model and ecosystem perspectives (Konietzko et al. 2020)

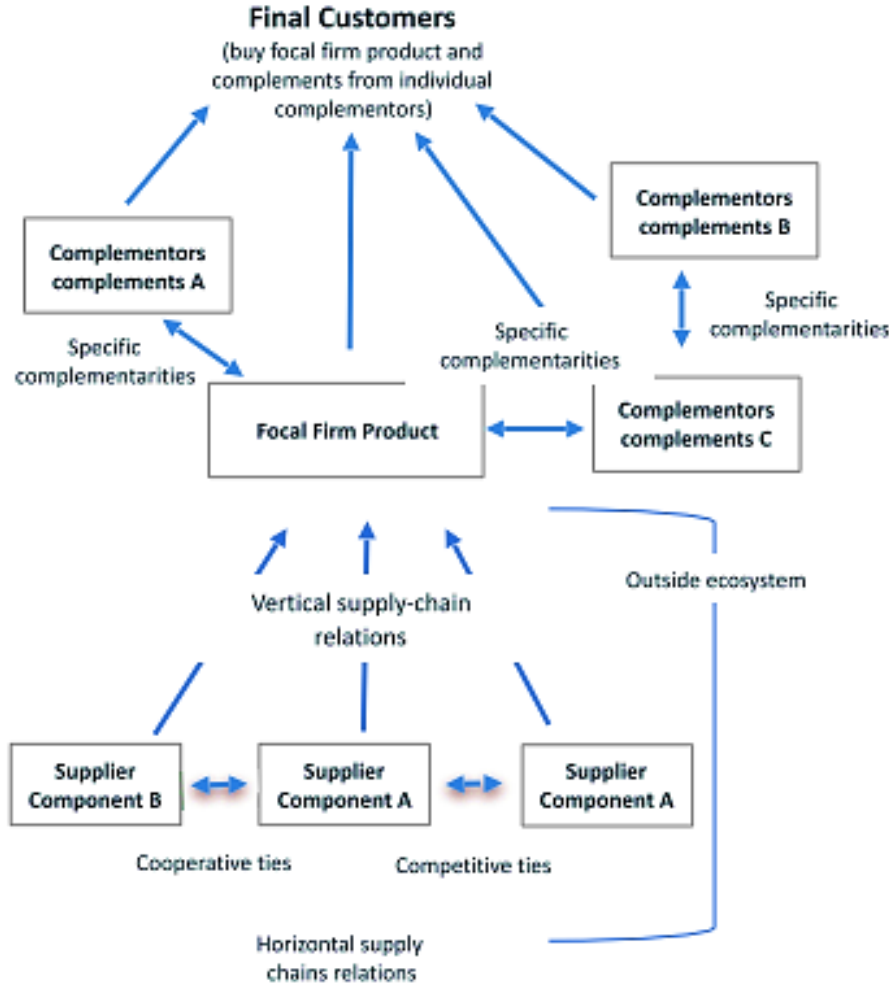


The business model canvas (Osterwalder and Pigneur, 2010)

Social and Affordable Housing



Business model and ecosystem perspectives (Konietzko et al. 2020)



Ecosystem-based value system (Jacobides et al. 2018)

MMC Business Models

One Stop Shop	• One organisation control most activities
Digital Platform	• One organisation digitally coordinates production while outsourcing manufacturing to a specialist manufacturer/supplier
Hybrid	• A contractor establishes a separate MMC manufacturing facility while maintaining its conventional operations
Specialist manufacturer/ supplier	• A manufacturer producing MMC products
Product as a service	• The MMC provider retains ownership of products and supplies them through leasing or performance-based agreements