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

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SBEnrc social housing research projects

Rethinking Social Housing
Aug 14 - Sept 15

Valuing Social Housing
March 16 - March 17

Procuring Social & Affordable Housing
Apr 17 - Sept 18

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

Develop Elements
Establish methodologies for:
- Associations
- Composite Return on Investment (CROI)

Identify data needs, sources & availability.

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

ACROSS NINE DOMAINS

COMMUNITY

EDUCATION

URBAN AMENITY

ENVIRONMENT

SOCIAL & AFFORDABLE HOUSING

LEADERSHIP

Enduring policy frameworks

Regulations & standards

Social integration

Cultural significance of home

Social & Affordable Housing

Effective & flexible social procurement approaches

Collaboration

Appropriate financing models

Person-centred support services

Effective asset resilience & management

Housing

ECONOMY

HEALTH & WELLBEING

SOCIAL

EDUCATION

COMMUNITY

URBAN AMENITY

ENVIRONMENT

SOCIAL & AFFORDABLE HOUSING

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Housing

ECONOMY

HEALTH & WELLBEING

SOCIAL

Elements of an effective sector

Research approach

Typologies
Types & Influences

Demographics
Issues & Trends

Procurement
Approaches & Issues

Funding & Finance
Options & efficiencies

GUIDING CRITERIA & CHARACTERISTICS

Integration
Mobility
Affordability
Resource efficiency
Modularity
Scalability
New build
Inner city
Suburban
Renewal
Regional
Remote

Severe need
Priority need
Aging
Inter-generational
Victims of domestic violence
People with a disability
Key workers
Urban
Regional
Remote

Efficiency
Affordable living
Risk
Social value
Social services
Design
Construction
Asset management
Scalability
Land use & planning
Ownership type & pathways
Partnerships

Delivery at scale
Risk
Investment return
Yield gap
Social investment
Long term policy settings
Transparency
Pipeline capacity
Partnerships
Leveraging
Financial subsidy
Economic subsidy

360 DEGREE SURVEY TO TEST INTERIM FINDINGS

DEVELOP SOCIAL VALUE PROCUREMENT CRITERIA WITH CORE PARTNERS
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

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...**

<table>
<thead>
<tr>
<th><strong>FUNDING &amp; FINANCE</strong></th>
<th><strong>PEOPLE &amp; DEMOGRAPHICS</strong></th>
<th><strong>HOUSING TYPES</strong></th>
<th><strong>SOCIAL PROCUREMENT</strong></th>
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</thead>
<tbody>
<tr>
<td>Improve access to funding &amp; financing Government partnerships to reduce risk Social returns</td>
<td>Across the nine domains Track changing needs for social &amp; economic infrastructure</td>
<td>Innovative housing Integral part of sustainable communities Mechanisms for change incl.: Procurement Planning system Housing types Use assets differently</td>
<td>Diversity of options State by state pre-conditions for success Integrate with funding &amp; financing</td>
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</tbody>
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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:

1.41 Valuing Social Housing at:

1.31 Rethinking Social Housing at: