

Valuing Social Housing



Sustainable
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Judy Kraatz | Giles Thomson

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Project Team

Judith Yates, Project Steering Group Chair

Judy Kraatz, Senior Research Fellow, Griffith University Cities Research Institute - Project Leader

Sarah Mewett, Western Australian Housing Authority

Veronica Pannell, Western Australian Housing Authority

Heidi Roberts, Queensland Department of Housing and Public Works

Kathy Roil, NSW Land and Housing Corporation

Kim Shmuel, NSW Land and Housing Corporation

Jessica Dominguez, NSW Land and Housing Corporation

Mike Myers, National Affordable Housing Consortium

Giles Thomson, Research Associate, Curtin University Sustainable Policy Institute

Peter Newman, Curtin University

Sherif Mohamed, Griffith University

George Earl, Griffith University and National Australia Affordable Housing Consortium

Lyn Brun, Access Housing

Sonya Keep, Common Ground Qld

Andre Brits, Logan City Council

Tina Davey, KPMG Aging and Human Services

Amy Maynard, Brisbane Housing Brisbane

The contribution to the data element by Heather Shearer, Griffith University Cities Research Institute, is also acknowledged.

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Preface

The Sustainable Built Environment National Research Centre (SBEnc), the successor to Australia's Cooperative Research Centre (CRC) for Construction Innovation, is committed to making a contribution to innovation across the Australian built environment industry. We are dedicated to working collaboratively with industry and government to develop and apply practical research outcomes that improve industry practice and enhance our nation's competitiveness.

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

John V. McCarthy AO
Chair
Sustainable Built Environment
National Research Centre



Dr Keith Hampson
Chief Executive Officer
Sustainable Built Environment
National Research Centre



The effective and appropriate provision of social housing as an integral part of the housing continuum, is increasingly difficult in light of current fiscal constraints, and changing and increasing housing need. In 2016, there were around 400,000 households living in social housing in Australia, with around 200,000 on social housing waiting lists¹. Achieving an economically and socially sustainable framework for the provision of social housing is vital. To meet this challenge, many innovative models are being explored in Australia and internationally, including partnerships and financing arrangements involving a mix of public, private and not-for-profit agencies.

Contextualising the need for better access to social housing is critical in addressing this demand for social housing. Given current fiscal limitations on governments across Australia, it is unlikely that significant funds will become available to address the considerable waiting lists. It is most likely that the provision of social housing by governments will thus continue to be targeted to those in most severe need, while addressing further avenues for those in need of more affordable housing.

Objectives

A key aim of this project is to build an evidence base which supports investment across both housing and non-housing outcomes. This evidence base, which aims to strengthen the policy environment for housing as an essential piece of social and economic infrastructure, should address:

- the return on investment from a broader economic, social and individual perspective.
- engaging with peoples' life-stories and identifying how safe and secure housing changes the ability of people to engage in education and employment, resulting in improved productivity outcomes, the benefits of some of which may not be seen for five years, ten years and in the next generation.

- improving access to appropriate and useful data to inform decision making (requiring better use of existing data and better collection of more targeted data).

Housing is an integrative good, it is linked to many other sectors such as: health, economic security, energy security, transportation, education, employment. Housing also influences issues such as social cohesion and neighbourhood security. As an aggregate part of development efforts, housing is a key element in delivering sustainable urban development. The integrative nature of housing requires the social, cultural, environmental and economic facets of housing to be addressed in an integrated way².

¹ Productivity Commission (2016). Introducing Competition and Informed User Choice into Human Services: Identifying Sectors for Reform: Productivity Commission Preliminary Findings Report. Canberra, Australia, Commonwealth of Australia.

² Rosenfeld, O. (2015). Social Housing in the UNECE Region: Models, Trends and Challenges. Geneva, Switzerland, United Nations Economic Commission for Europe.



This research builds on that undertaken in the previous *SBEnc Project 1.31 Rethinking Social Housing*³. A central element of the approach established in that research is productivity for both the individual and for society more broadly. The research identified a broad range of housing and non-housing outcomes which can be attributed to having safe and stable housing; for example, improved resident well-being, better employment outcomes, stronger community ties and a sense of safety within a neighbourhood. This has benefits across stakeholders and agencies, from the tenant to the housing provider, and to all layers of government.

Valuing Social Housing has delivered:

- **Strategic Evaluation Framework** – methodology for building the evidence base for justifying further investment in social housing.
- **Domain Tables** – across nine domains⁴ including 53 outcomes and over 180 indicators: detailing over 60 academic references in support of the links between housing and non-housing outcomes; return on investment information across social return on investment (SROI), well-being valuation analysis (WVA) and life-stories; and details of over 40 relevant Australian datasets.
- **Data Summary Tables** – expanding on the information provided in the Domain Tables.
- **Composite Return on Investment (CROI)** – methodology for addressing the broad-based potential for ROI when building the case for investment; for example with state-based Treasury.
- **Summary of findings: data and social housing** – from a roundtable which brought together partner agencies and content experts to explore issues and opportunities for improving data access, gathering and application.

In addition to the set of outcomes and indicators developed in *Rethinking Social Housing*, this research project has developed the methodology for the final three elements of the *Valuing Social Housing Strategic Evaluation Framework*

- Attribution
- Data
- Return on investment

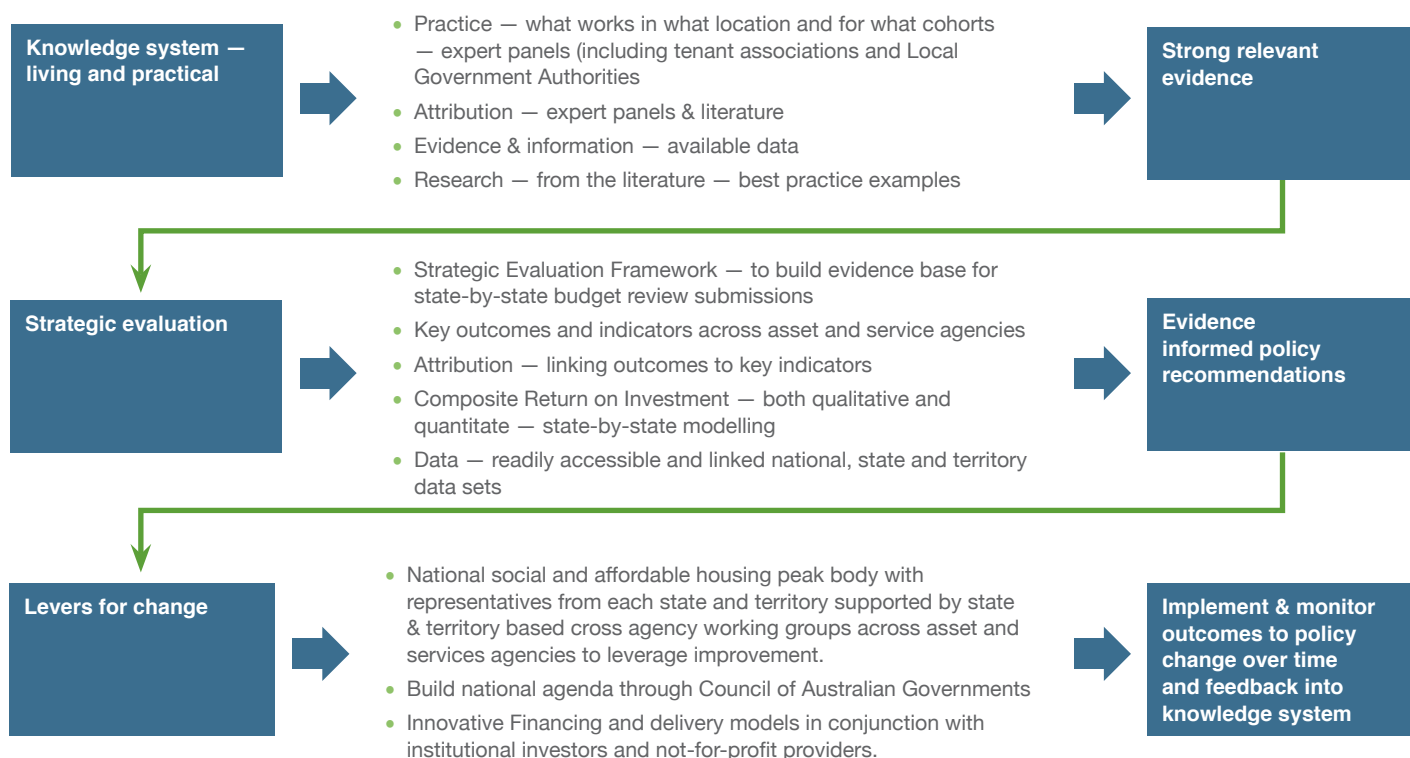


³ <http://www.sbenrc.com.au/research-programs/1-31-rethinking-social-housing-effective-efficient-equitable-e3/>

⁴ The nine domains established in the previous Rethinking Social Housing Project are: Community, Economy, Education, Employment, Environment, Health and Well-being, Housing, Social and Urban Amenity

Using the Strategic Evaluation Framework

The *strategic evaluation framework* is intended to provide greater evidence around the social benefits of providing safe and secure housing to those in need of assistance. It is intended to provide the basis for consolidating existing knowledge and building rigour around future policy making and delivery.

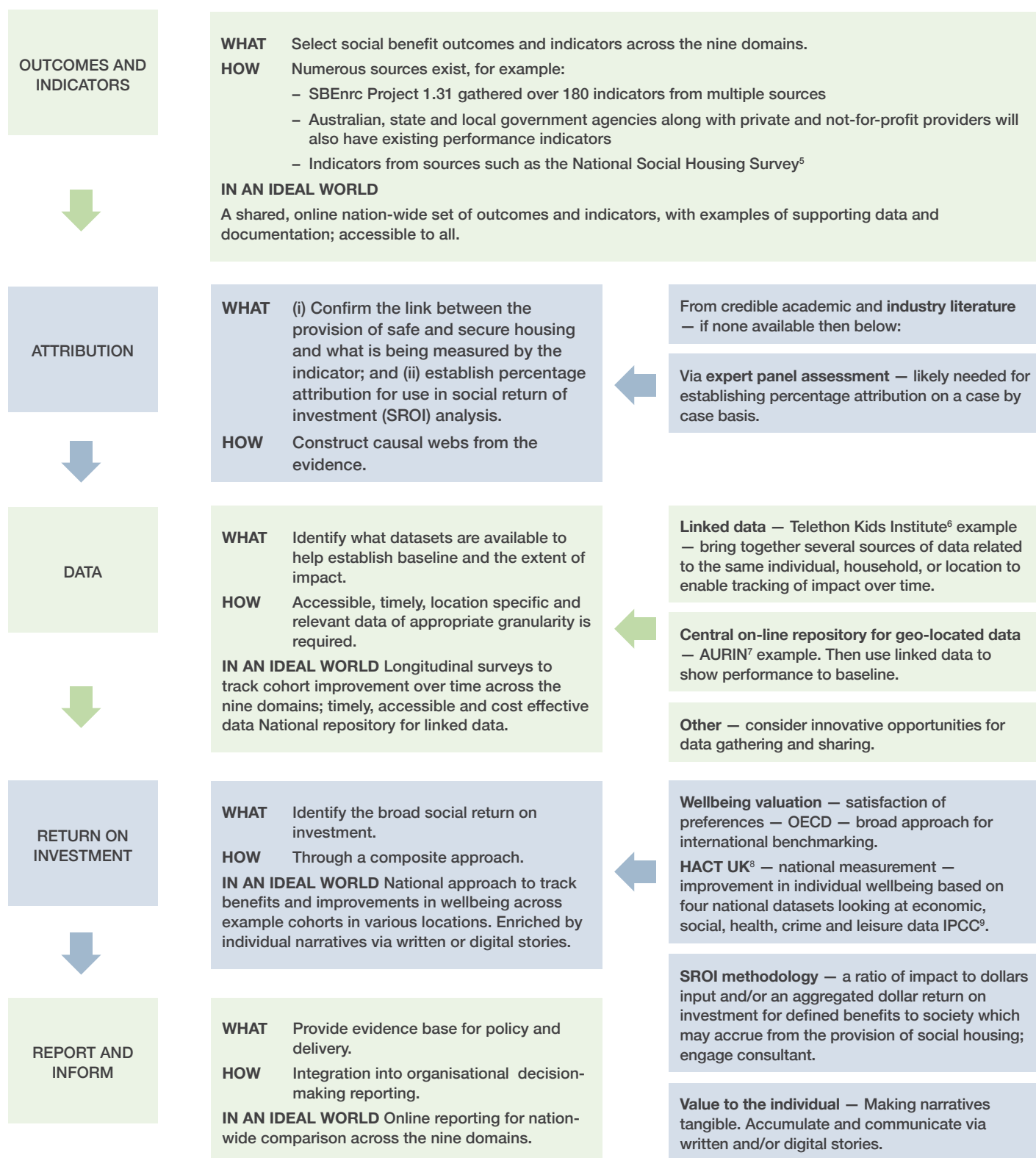


Note: Adapted from The Scottish Government (2008). Good Places, Better Health: A New Approach to Environment and Health in Scotland - Implementation Plan. Edinburgh, Scotland, The Scottish Government.

The draft framework was developed as an outcome of the *Rethinking Social Housing* project in which a review of Australian and international research was undertaken. UK, Canadian and US based research all contribute to project outcomes. The Good Places, Better Health initiative in Scotland provided good background in terms of process and outcomes.

The following flow chart identifies the steps proposed within the generic strategic evaluation framework to provide greater evidence of the social benefits of providing safe and secure housing to those in need of assistance. These steps were identified in the Rethinking Social Housing project, from a review of academic and industry literature, and through discussions with our project partners. An example of its application is provided later in this report.

Implementing the *Valuing Social Housing Strategic Evaluation Framework*



⁵ AIHW (2014). National Social Housing Survey: Detailed Results 2014. Canberra, Australia.

⁶ <http://www.telethonkids.org.au>

⁷ <http://aurin.org.au>

⁸ <http://hact.org.uk>

⁹ <http://ipcc.ch>

¹⁰ Kolstad, C., Urama K. et al. (2014). Social, Economic and Ethical Concepts and Methods. Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change. Edenhofer O., Pichs-Madruga R. et al. Cambridge, United Kingdom and New York, Cambridge University Press.

Attributing Non-housing Outcomes to Good Social Housing

Building on the *Rethinking Social Housing* project, this research confirmed three steps in this process of attribution: (i) review the available literature; (ii) establish expert panel analysis to determine the percentage attribution where needed; and (iii) illustrate findings for transparency.

The aim of this element is to identify causal links or associations between having safe and secure housing (especially social housing) and other selected non-housing outcomes, across the nine domains presented in the *Final Research Report: Attachment A – Domain Tables*¹¹. This is important in understanding the impact of policy changes.

Step 1 – Review of the literature

A significant amount of Australian and international literature exists which identifies links between housing and non-housing outcomes. The *Final Research Report* provides evidence gathered to date across the nine domains.

Step 2 – Expert Panel analysis

Establishing an expert panel of practitioners and researchers is recommended: (i) where a specific link has not been discovered in the literature; (ii) where the difference in context is significant enough to warrant further consideration; or (iii) where the percentage attribution is required to establish the social return on investment (for example). The *percentage attribution*, that is, ‘the amount of the outcome that can be uniquely attributed to the designated program or

activity’¹² can also be determined by this expert panel. The Scottish Government’s Good Places Better Health model is recommended as a guide¹³.

Step 3 – Consolidate findings

Two visualisation methods are proposed for consolidating outcomes from this process: (i) *causal webs* as used by NSW Families and Community Services Outcomes Framework¹⁴, and in Canada Mortgage and Housing Corporation’s research Measuring the Social, Economic and Environmental Outcomes of Good Housing¹⁵; and (ii) the Scottish Government’s globe of responsibilities – which can be used to identify and communicate with those with key responsibilities and with whom consultation needs to occur to deliver outcomes.

¹¹<http://www.sbenrc.com.au/research-programs/1-41-valuing-social-housing/>

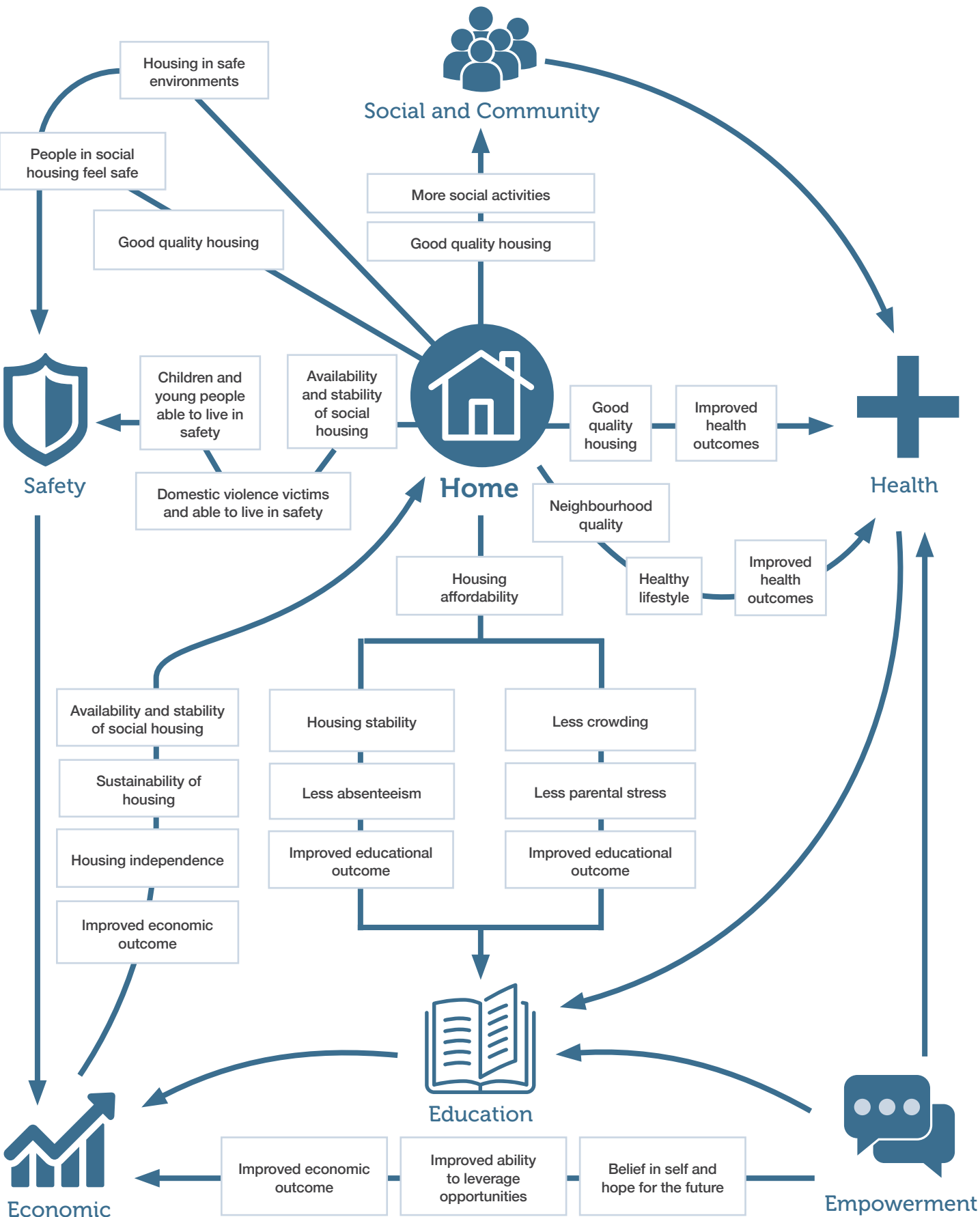
¹²Ravi, A. and Reinhardt, C. (2011). The Social Value of Community Housing in Australia, Community Housing Federation of Australia (CHFA). PowerHousing Australia and Bankmecu.

¹³The Scottish Government (2008). Good Places, Better Health: A New Approach to Environment and Health in Scotland—Implementation Plan. Edinburgh, Scotland, The Scottish Government.

¹⁴Chilvers, M., J. Stewart, V. Rose and J. Miller (2016). New South Wales Human Services Outcomes Framework: Application to Social Housing: Shared Outcomes Workshop. Sydney, Australia, NSW Families and Community Services.

¹⁵Canada Mortgage and Housing Corporation (CMHC) (2011). Measuring the Social, Economic and Environmental Outcomes of Good Housing. Canada Mortgage and Housing Corporation (CMHC).

Causal Web: visualising links between housing and non-housing outcomes—reproduced with permission from New South Wales Families and Community Services.¹⁶



¹⁶ Chilvers, M., J. Stewart, V. Rose and J. Miller (2016). New South Wales Human Services Outcomes Framework: Application to Social Housing: Shared Outcomes Workshop. Sydney, Australia, NSW Families and Community Services.

Globe of responsibility: visualising links between housing and non-housing outcomes – Good Places Better Health¹⁷— creating positive health nurturing environments through shared outcomes, knowledge and action.



¹⁷ <http://www.gov.scot/Topics/Health/Healthy-Living/Good-Places-Better-Health> and <http://www.gov.scot/CrownCopyright>



Data

A data and social housing virtual roundtable was held to discuss how data can be better used to provide an evidence-based approach to social housing provision. This roundtable asked project partners to discuss issues and challenges for data gathering to inform social housing policy and delivery issues; and then asked a group of other participants with expertise in data to present opportunities for taking advantage of new data pathways¹⁸.

Some key issues:

- Privacy is paramount
- What do we want to know; why do we want to know it; how will we use it; who is the recipient of the data; and what is the benefit?
- Cost of: data collection, linked data and maintenance
- State of the support systems
- Time frames: collection, currency and linkage
- Responsibility of holding and managing linked data
- Higher level, freely available open data exists, which can be accessed and used
- Changing need for data
- Context specific data required
- Distinction between research data (policy development) and operational data (client management)
- Fitness for purpose
- Data consent versus transparency of use
- A minimum commitment of ten years is required to see results for some data sets

Some key opportunities

- Evidence is required to illustrate the inputs-outputs-outcomes cycle of social housing to demonstrate what social housing investment delivers.
- There is a need for more holistic outcomes; in some cases it is individual and in some cases precinct-based (e.g. future growth).
- Linked data (i.e. linking people) allows for longitudinal analysis of individuals to articulate impact of housing with data analysis looking at the outcome before housing, outcome in housing and outcome after housing.
- Hierarchy of data within a national framework, that is, a high level framework with flexibility over time and across jurisdictions so that it can be used by state and local governments for specific purposes. Coupled with a nation-wide forum for developing a consistent, efficient and effective data environment to inform policy making and delivery, and with a national network of interested agencies to facilitate an efficient development and learning pathway.

- Geographic information systems (GIS) offer opportunities for the spatial analysis of areas to support linked data. This provides additional depth to complement typical linked data related to contact with agencies.
- Exploring machine learning, to measure data in situ (e.g. big data), especially for the collection of missing or under-measured indicators.

A summary of available national and state-based datasets which align with the nine domains is contained in the *Final Research Report*¹⁹.

¹⁸ Representatives from Telethon Kids Institute, the Australian University Research Infrastructure Network (AURIN) and Griffith University's eResearch Services.

¹⁹ Kraatz, J.A. and Thomson G. (2017), Valuing Social Housing Final Research Report, SBEnrc, Perth, Australia — available at <http://www.sbenrc.com.au/research-programs/1-41-valuing-social-housing/>

Composite Approach to Return on Investment (CROI)

This composite approach has been developed to provide a more robust methodology for valuing the return on investment of providing social housing.

Why a composite approach? It is proposed that a single method does not capture the complex nature of the value returned to society and the individual of having access to safe and secure housing. Four elements are proposed to address this complexity. These could be used in parallel to understand and articulate the broad value of the provision of appropriate social housing.

This composite approach also embraces the productivity-based conceptual framework developed in our *Rethinking Social Housing* research, where four aspects of productive return are considered: individual; macroeconomic; fiscal; and non-financial.

Sub-element 1 – Social Return on Investment (SROI) This is used to provide a ratio of impact to dollars input and/or an aggregated dollar return on investment for defined benefits to society which may accrue from the provision of social housing. This is determined through: identifying key outcomes, indicators and impacts; establishing financial proxies for these; and determining a dollar value for this benefit.

Sub-element 2 – Wellbeing valuation
The OECD have been developing an approach to measuring wellbeing for several years. In the UK, a wellbeing valuation analysis method has been developed for community housing associations to measure the impact of their investment in terms of

well-being. This method addresses the impact on an average person's well-being of the broader non-housing benefits of access to safe and secure housing, and placing a dollar value on these.

Sub-element 3 – Value to the individual

Individual narratives can be used to understand the value to the individual of both the housing and non-housing benefits of safe and secure housing. The value a person places on a given amenity such as a home (or a job) varies dependent on their life situation.

Sub-element 4 – Value of equity

Comparing, understanding and aggregating the value different people place on such social infrastructure can lead to understanding the broader value to society of providing more equitable access to such resources. Published work by the Intergovernmental Panel on Climate Change provides the grounding for future research on this third element²⁰. Additionally, the OECD report, *All on Board*, explores this further²¹.



²⁰ Kolstad, C., Urama K. et al. (2014). Social, Economic and Ethical Concepts and Methods. Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change. Edenhofer O., Pichs-Madruga R. et al. Cambridge, United Kingdom and New York, Cambridge University Press.

²¹ OECD and Ford Foundation (2015). *All on Board: Making Inclusive Growth Happen*, OECD.



SUB-ELEMENT 1

Social Return on Investment

Input Dollars invested into social housing provisions as a program.

Output Measure of broader benefits accrued to society as ratio of outcome to input or aggregated value.

- **Return on investment to investor** — through establishing theory of change, identifying indicators; financial proxies; dollar values; apply sensitivity analysis and aggregate.
- **Key productivity focus** — macro economics and fiscal.



SUB-ELEMENT 2

Wellbeing valuation

Input Dollars invested into social housing delivery.

Output Headline wellbeing values of broader benefits x number of people impacted = social benefit.

- **Improvement in well-being** — life satisfaction — values derived from national databases for people that resemble those in which investment is made.
- **Key productivity focus** — macro economic and fiscal.



SUB-ELEMENT 3

Value to the individual

Input Dollars invested into provision of social housing for an individual.

Output Accounting for value in the individual context.

- **Impact on individual** — how a person's life changed as a result of social housing (type, scale and depth of impact) — determined through narratives.
- **Key productivity focus** — individual and non-economic.



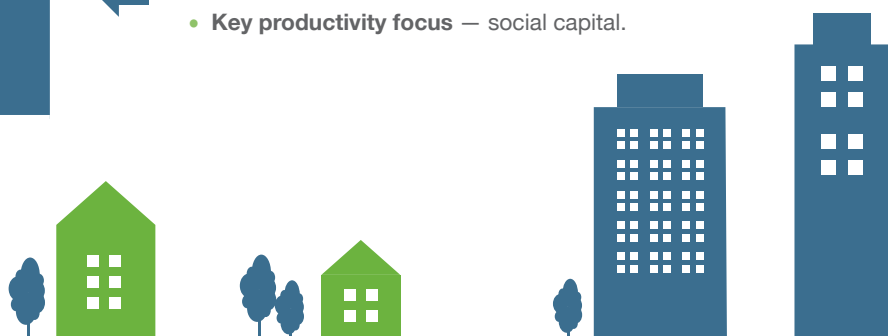
SUB-ELEMENT 4

Value of equity

Input Dollars invested into provision of social housing for a society.

Output Value to society of equitable distribution of resources.

- **Impact on society** — a given total of wellbeing is more valuable the more evenly it is distributed.
- **Key productivity focus** — social capital.



Strategic Evaluation Framework – Illustrative Example

This example looks specifically at the domain of education in which ‘increased participation’ is one possible outcome of housing access to safe and secure housing

- **Domain:** Education
- **Outcome:** Increased participation
- **Indicator:** Participation in adult learning courses

Attribution:

- ‘Feel more able to start or continue education/training – perceived tenant benefit’²²; ‘There are strong associations between formal educational attainment (particularly Year 12), parental educational attainment and measures of health literacy’²³; ‘The women linked their ability to further their education with the increased stability found in their lives after moving on from their old circumstances and into new housing’²⁴.

Datasets, for example:

- AURIN, Public Health Information Development Unit: SD Learning or Earning (15-19 year olds).
- AIHW, Measure 2.06 Educational attainment and participation of adults²⁵.

Return on Investment, for example:

Sub-element 1 – Social Return on Investment (SROI)

- Kliger, et al.²⁴ find a return of AUD 102,473 for an increase in education/training for the 17 women involved over 20 yrs. (Increase in stakeholders completed/completing TAFE/other course).

- Zon, et al. find a return of CAD 4,875 per person per year for additional earning potential resulting from continuing education and retraining, affecting 188,676 people²⁶.

Sub-element 2 – Wellbeing Valuation Analysis (values are per person per year)

- Trotter, et al.²⁷ find a value of UK£1,773 for access to general training for a job; UK£1,124 for access to vocational training; UK£9,447 for access to a government training scheme; UK£1,747 for access to apprenticeships; and UK£807 for access to employment training²⁷.
- Fujiwara²⁸ finds UK£754 as the value of undertaking one part-time course to the individual.

Sub-element 3 – Value to individual

- ‘Ann now proudly shares that she has just completed the Ceramics component of the Certificate III in Visual Arts at Queensland TAFE Brisbane Southbank Campus and is one of the key artists and tenant co-facilitators engaged in creating the Cross-link Mosaic Sculpture which will grace Brisbane Common Ground’s public thoroughfare that links Hope Street and Fleet Lane’²⁹.

Sub-element 4 – Value of equity

- Subject to further research.

²² AIHW (2014). National Social Housing Survey: Detailed Results 2014. Canberra, Australia.

²³ AIHW (2015). Aboriginal and Torres Strait Islander Health Performance Framework: Online data tables. Canberra, Australia.

²⁴ Kliger, B., J. Large, A. Martin and J. Standish (2011). How an Innovative Housing Investment Scheme can Increase Social and Economic Outcomes for the Disadvantaged. State of Australian Cities. Sydney, Australia, UNSW.

²⁵ <http://www.aihw.gov.au/indigenous-data/health-performance-framework/>

²⁶ Zon, N., M. Molson and M. Oschinski (2014). Building Blocks The Case for Federal Investment in Social and Affordable Housing in Ontario. M. Research. Ontario, Canada.

²⁷ Trotter, L., J. Vine, M. Leach and D. Fujiwara (2014). Measuring The Social Impact of Community Investment: A Guide to Using The Wellbeing Valuation Approach. London, UK, HACT Housing.

²⁸ Fujiwara, D. (2013). The Social Impact of Housing Providers. UK, Housing Associations Charitable Trust (HACT).

²⁹ Common Ground Queensland. (2016). “Tenant Stories.” Retrieved 5 Sept 2016, from <http://www.commongroundqld.org.au/about-us/tenant-stories/>.

Moving Forward

Future areas for research identified in this project include:

- a long term pilot of the strategic evaluation framework
- developing a wellbeing valuation database to inform the Composite Return on Investment (CROI) approach, similar to that developed by HACT UK
- further investigation of the value of the equity element of the CROI
- investigating options for building a stronger national approach to strengthening the case for social and affordable housing in Australia as critical social and economic infrastructure.



‘The nine domains will assist us to more effectively communicate and contextualise the complexity of the Housing Authority’s authorising and operating environment’.
‘The scalability of the 180 indicators is a key benefit of this SBenrc Framework and accommodates tailoring to specific policy making and evaluation contexts within the Housing Authority’. ***Western Australian Housing Authority***

‘The Strategic Evaluation Framework is supported by a solid analysis of the available information and represents a promising approach to measuring the value of providing social housing. This work will be important in better understanding the complexity of the social housing environment’. ***Queensland Department of Housing and Public Works***

‘The Strategic Evaluation Framework will help us prioritise and make informed decisions around future policy making and delivery based around the social benefits across the nine domains. Particularly useful is the composite approach to valuing the return on investment in order to build a case for on-going investment in social housing. NSW LAHC supports further research into data sharing through secure channels to enable better decisions and policy development’. ***New South Wales Land and Housing Corporation***

‘The National Affordable Housing Consortium is keen to see a new national framework that effectively evaluates the housing and non-housing outcomes of social and affordable housing investment. This will build greater confidence for the business case for future investment and enhance transparency and accountability in the system. We will be using the research along with our national and state colleagues to seek this outcome. In addition, NAHC will be using the research to improve our measurement of the ‘Social Value’ we add to society’. ***National Affordable Housing Consortium***

Other future opportunities include: new SBenrc project, 1.54 *Procuring Social and Affordable Housing* (2017-18); and an Australian Research Council (ARC) Linkage bid, *An Integrated Model for a Sustainable Social Housing System*.

This research would not have been possible without the ongoing support of our core industry, government and research partners:



These organisations have provided financial support for the research undertaken by the Sustainable Built Environment National Research Centre and by providing feedback and advice regarding the research outcomes and final dissemination strategy.

Find out more:

- Project webpage (including link to YouTube video)
<http://www.sbenrc.com.au/research-programs/1-41-valuing-social-housing/>
- Twitter – [@Rethinksocialhousing@DrJAKraatz](https://twitter.com/Rethinksocialhousing)

For Further Information:

- Dr Judy A Kraatz
Senior Research Fellow
Cities Research Institute
Griffith University

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