



## HOW WE CALCULATE THE HOME TRUTHS INDEX

# INTRODUCTION

## Context:

- The promise of secure, affordable housing for Australians has been broken.
- Housing is a top concern of Australians — and they want to help fix it.
- When Australians learnt about the housing crisis, they decided supply reforms are urgently needed.
- Governments, the construction industry and institutional investors committed to build 1.2 million new homes and deliver supply-side reform by 2029 under the National Housing Accord. Some jurisdictions have also set their own housing targets.
- While progress is evident, housing delivery is lagging and community confidence is fraying. The community is demanding bigger, bolder action.
- AMPLIFY wants to work with governments and industry to restore that confidence, finding better ways to engage with communities and putting forward bold reform options backed by Australians to address Australia's housing crisis.

## What AMPLIFY Home Truths is:

- A quarterly, rolling 5-year measure of how well States and Territories are delivering the new homes they need and building the confidence of their communities in that housing delivery.
- A rank of States and Territories, backed by a rigorous methodology that incorporates ABS data and a demographically representative national survey.
- A mechanism to drive accountability amongst State/Territory decision-makers.

## What AMPLIFY Home Truths is not:

- A measure of progress solely against the National Housing Accord target.
- A measure of the effectiveness of policy actions.

# AMPLIFY HOME TRUTHS – IN SUMMARY

## Housing Delivery measure

1. Completions
2. Commencements
3. Approvals

Population-adjusted 5-yr rolling housing target

## Community Confidence measure

1. Recent progress
2. Optimism of future delivery
3. Trust in State Government



# AMPLIFY HOME TRUTHS – IN SUMMARY

**AMPLIFY Home Truths** is a quarterly, rolling index with two parts: a Housing Delivery measure and a Community Confidence measure.

**The Housing Delivery measure is a real-world measure of housing delivery.** It captures the number of new homes each State/Territory is on-track to deliver against the number of homes it needs over a five-year period (using the housing target of 240,000 new homes per year or 1.2m new homes over 5 years, apportioned across jurisdictions according to ABS projected population at the end of the 5-year period). We use the latest ABS data on building approvals, commencements, and completions to get a more up-to-date picture of how effectively each State/Territory is building homes.


**The Community Confidence measure is a representative measure of community confidence in their State/Territory to deliver housing needs.** It captures the proportion of people in each State and Territory who are net positive about housing delivery in their state. We survey a demographically representative group from each State and Territory (n=4,000+ pax) and calculate the proportion who were positive on: recent progress in housing delivery; optimism about future delivery; and trust in their State/Territory Government to deliver housing.

We then measure how far the scores are from hitting their targets (and scoring 100%) and this distance gives us the **AMPLIFY Home Truths Index**. This rewards jurisdictions who do well on both housing delivery and community confidence.

# AMPLIFY HOME TRUTHS - IN DETAIL

We'll use the worked example of State 1 to explain how we calculate the index





1.	State 1	%
2.	State/Territory	%
3.	State/Territory	%
4.	State/Territory	%
5.	State/Territory	%
6.	State/Territory	%
7.	State/Territory	%
8.	State/Territory	%

# STEP 1

## Targets we are measuring States/Territories against

### COMMUNITY CONFIDENCE

% of State/Territory residents that are net positive about housing

Target: 100% of residents being more positive than negative about housing delivery in their State/Territory, where this covers:

- recent progress;
- future delivery; and
- trust in the State/Territory government to act.

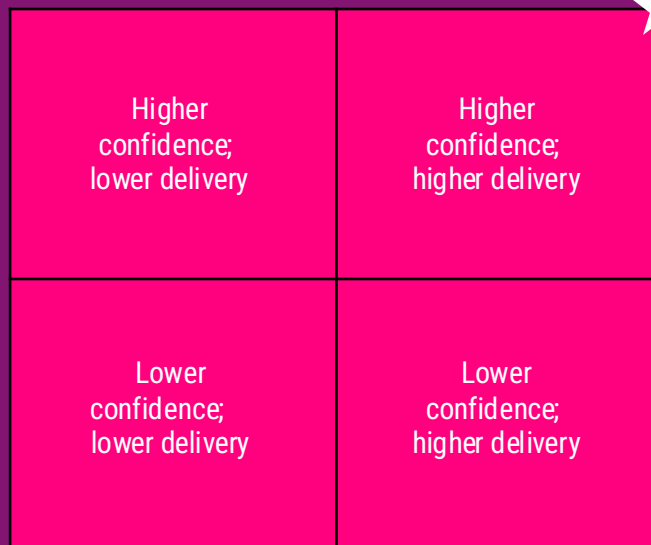
go

### Community confidence

100%

50%

0%



50%

100%

Housing delivery

### Target score

100% housing delivery & 100% community confidence

### HOUSING DELIVERY

% of population-adjusted 5-yr rolling housing target State/Territory is on-track to deliver

- Target: on-track to deliver 100% of their housing needs.
- 1.2m new homes need to be delivered across all States and Territories over 5 years (240,000/yr), adjusted by ABS population predictions at the end of the 5-yr period\*
- Timeframe for the target rolls forward each edition. The timeframe for edition 1 is mid-2024 – mid-2029
- Population estimates are refreshed annually in-line with ABS release.
- Target will be kept under review to respond to major changes in housing need.

NB. The National Housing Accord (NHA) sets a 5-year target of 1.2 million new homes between mid-2024 and mid-2029. We use this as our starting point to drive accountability, given its legitimacy, but adjust it for accuracy. Our target is apportioned to States and Territories based on future population projections (not past), to better reflect housing need. We also use a rolling 5-year horizon to capture the time reform and delivery take, and the ongoing nature of housing demand. While Edition 1 aligns with the NHA period, future editions will move to rolling timeframes.

\*Housing targets: ACT 21,584; VIC 315,034; QLD 247,629; SA 81,198; WA 124,266; NSW 373,669; TAS 25,484; NT 11,136

# STEP 2

## How we measure progress in housing delivery

### 1. Estimate how many dwellings each State/Territory will complete

We estimate future dwelling completions for each State and Territory based on historical performance and current ABS housing data. We use a time-series forecasting model (STL-ARIMA) to do this.

The data inputs are the latest ABS Building Activity data on:

- Completions – dwellings finished
- Commencements – dwellings under construction
- Approvals – dwellings with approval to be built

The STL-ARIMA model separates long-term trends from short-term fluctuations to predict future completions as accurately as possible. It balances each jurisdiction's recent performance with evidence of improvement in construction activity, accounting for the typical 12-month (or more) lag between approval and completion. We are not trying to predict housing completions by understanding the housing market, which would make the model dependent on several assumptions, but by simply carrying forward the patterns in the existing housing activity data.

Our approach is data-driven and will be reviewed regularly to ensure accuracy, including adjustments for external shocks or structural changes in the housing market.

### 2. Make State/Territory's performance comparable by dividing the projected dwelling completions by their target

We divide our estimate for how many houses will be delivered over the five-year period by the target number of homes for each State and Territory (\*see Step 1 for further info on the targets).

### Interpretation

Our index has a simple interpretation - when the index rises above 100, it means a State or Territory is on track to exceed its housing target. When it falls below 100, it suggests building activity is lagging and the shortfall in housing supply is growing.

For example, State 1 needs to build 100,000 new homes between mid-2024 and mid-2029. It is estimated to be on-track to deliver 64,500 new homes by mid-2029. Therefore, it is on-track to deliver 64.5% of the new homes it needs by 2029. 64.5% is the result for the Housing Delivery measure.

# STEP 3

## How we measure progress on community confidence

### 1. Survey a demographically representative group on their State/Territories housing progress

We conduct a demographically representative national survey of 4,000+ Australians, asking them a range of questions on housing delivery in their State or Territory.

We ask questions on the following areas:

- Attitudes towards housing supply
- Experience of housing outcomes like affordability and security
- Satisfaction with housing delivered in terms of type, quality, location and price point
- Trust and accountability of the major players e.g. Federal, State and Local Governments, construction industry, institutional investors
- Engagement with governments
- Awareness of actions being taken by governments and industry.

This allows us to understand the experiences and perceptions of the community on housing, and provide rich insight into who is and is not happy with the progress on housing in their jurisdiction. external shocks.

### 2. Determine whether each participant is positive about housing delivery in their State/Territory

For each participant, we look at their responses to three key questions and determine whether they are positive overall about housing in their jurisdiction. These questions are:

**Progress:** “Overall, how much progress do you feel has been made in increasing the number of houses built in the past 3 months?” Responses range from 1 – no progress at all to 4 – a lot of progress

**Outlook:** “How likely do you think it is that enough homes will be built in the next 4 years to meet housing needs?” Responses range from 1 – very unlikely to 4 – very likely

**Trust:** “How much do you trust each of the following groups to take the right actions to improve housing availability?” – State Government. Responses range from 1 – strongly distrust to 4 – strongly trust

If the individual's responses to the three questions were positive on average – that is, if they had more positive responses than negative - they're counted as having a positive overall view. These three questions have been chosen as they succinctly capture what we are most interested in – perception of progress, optimism about future progress and trust in delivery – as we believe together these indicate a social license for the changes necessary to boost housing delivery. We use responses on satisfaction with housing and housing outcomes to better understand community sentiment.

### 3. Determine what proportion of those surveyed in the State/Territory were positive about housing

Finally, our community confidence measure is calculated for each State and Territory by calculating the proportion of people in each State/Territory who were positive about housing delivery in their jurisdiction.

### Interpretation

Our index can be simply interpreted as the proportion of people who are net positive about housing delivery, where 100% means everyone is more positive than negative (ie confident) that the housing supply needs of the jurisdiction will be met in future, and 0% means that nobody is.

For example, 45% of people in State 1 are net positive about progress on housing.



# STEP 4

## How we combine the two progress measures to create the AMPLIFY Home Truths Index

### Measure the distance to target

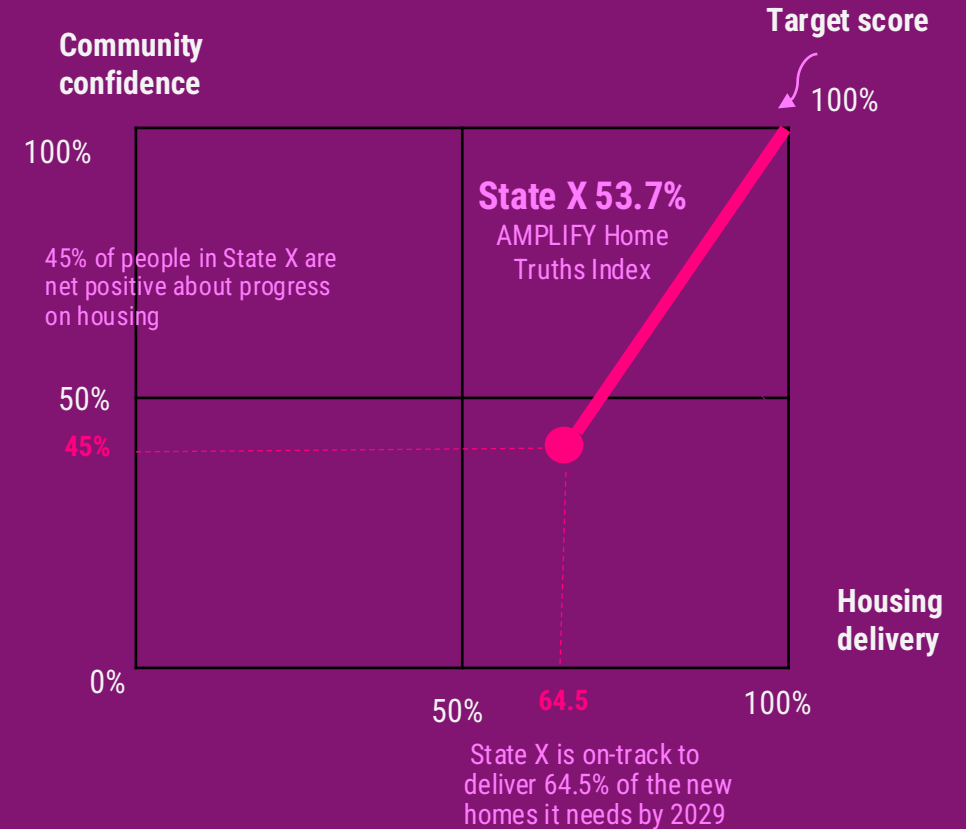
- We measure how far each State and Territory is from its target scores of 100% for housing delivery and community confidence, treating both equally.
- We then convert that distance into a percentage, then subtract from 100, so higher scores mean better performance.
- Our index rewards States and Territories who improve both community confidence and housing delivery.
- Mathematically, the calculation is:

$$100 - \sqrt{(x - x_t)^2 + (y - y_t)^2}$$

### Interpretation

% progress in delivering the houses needed while holding community confidence.

For example, State 1 achieves 53.7% AMPLIFY Home Truths Index.



# MORE INFORMATION

- If you would like to see the technical methodological explanation, you can find it [HERE](#).
- Alternatively, reach out to us at [hello@amplifyaus.org](mailto:hello@amplifyaus.org) if you have any questions or comments.

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