Urban Land Institute

ZOOMING IN ON THE "S" IN ESG

A ROAD MAP FOR SOCIAL VALUE IN REAL ESTATE

MARCH 2021

A research paper by The Good Economy and COCREATIF

THE
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ON THE COVER: Brent Cross Town visualisation looking east, London.
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About ULI

The Urban Land Institute is a global, member-driven organisation comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics.

Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 80 countries.

The extraordinary impact that ULI makes on land use decision-making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

Peer-to-peer learning is achieved through the knowledge shared by members at thousands of convenings each year that reinforce ULI's position as a global authority on land use and real estate. In 2020 alone, more than 2,600 events were held in cities around the world.

Drawing on the work of its members, the Institute recognizes and shares best practices in urban design and development for the benefit of communities around the globe.

More information is available at uli.org.
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FOREWORD

Social value, what is good for society, is rapidly increasing in importance, not only for businesses generally but also more specifically in the investment industry and real estate. As providers and stewards of the built environment, the real estate industry clearly has a role to play. This is even more pressing since the COVID-19 pandemic disrupted our societies and lives, where opportunities to reimagine and re-connect real estate development and investment to local needs and priorities have come to the fore of minds globally.

In various projects that ULI has undertaken over recent years, industry players have indicated increasing concerns around issues such as social equity and inequality and housing affordability. Many players have started addressing the broader topic of social value. As for example highlighted in the ULI PwC *Emerging Trends 2021 Europe* report, the industry is moving towards using a wider range of non-financial measures, including environmental and social, to assess the true value of real estate. However, defining and measuring social value and incorporating it into a business case is challenging and there is no consensus on methods or tools to do so.

In response to these challenges, ULI and the project steering group embarked on a journey to develop a shared and a better understanding of how to create, define, optimise, and measure social value across the real estate industry. This research was led by Sarah Forster, The Good Economy, and Dr. Eime Tobari, COCREATIF, both significant thought leaders and practitioners in social value creation and measurement.

Through member and industry knowledge sharing and best practices, this report offers guidance on how to navigate and use existing methods and tools to measure social value. It also sets out a road map to enhance the real estate sector's contribution to social value creation.

Following the release of this report, we will continue to address in social value creation and measurement, to support the industry on its journey to incorporate this important topic in corporate strategy and business processes. We encourage you to provide us with feedback on this report and to share any further best practice examples.

We hope this report will encourage a collaborative and shared value approach recognising that every organisation has a role to play in social value creation, while achieving sustainable and inclusive financial returns on investment.

ULI hopes to inspire the real estate industry to make informed decisions about how to invest and deliver social value to have a lasting, transformative, and positive impact for communities worldwide.

Marnix Galle,
Chairman, ULI Europe

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CEO, ULI Europe

EXECUTIVE SUMMARY

Business leaders and investors across all industries increasingly acknowledge they have a role to play in tackling environmental and social problems and meeting the challenge of sustainable development. So far, most attention has been focused on environmental issues and the risks and opportunities associated with mitigating climate change. Environmental reporting practices and standards have been developed extensively.

Today, there is a growing interest in the social dimensions of sustainable development and the key concept of social value. ULI global surveys (Social Value Survey 2020 and Emerging Trends Europe 2021) have found that real estate practitioners and investors, in particular, have a strong interest in developing a better understanding of what social value is, how it fits with their fiduciary responsibilities, and how to measure, manage, and report on social value creation. Alongside this interest has come the rise of impact investing – investing with the intention of contributing to tackling social or environmental challenges or both whilst generating a financial return.

Despite this increased interest, there is no shared understanding of social value in real estate. Nor is there a common approach to describing and measuring the industry's social value. The increasing number of frameworks, tools, and methods designed to support social value or impact measurement can be difficult to navigate. The aim of this report is to help develop a shared and better understanding of how to define, create, measure, and optimise social value across the real estate industry. Specifically, it has four objectives:

- Provide an overview of the role of real estate in creating social value;
- Present findings from a survey and stakeholder interviews on current industry perceptions and emerging practices related to social value creation and measurement;
- Map existing frameworks and tools used to integrate social value considerations into decision-making and measure, manage, and report on social value; and
- Provide the fundamentals of a road map as to what actions are needed to underpin a strong, enduring, and trusted future for the real estate industry that contributes to more inclusive and sustainable development.

The COVID-19 pandemic has made this topic even more timely and relevant. COVID-19 is a wake-up call for the real estate industry. While it has brought major risks to the industry, it has also opened up opportunities to think in new and different ways about how to repurpose and link real estate to local place-based demands, and what role the real estate industry can have in helping tackle social and spatial inequalities. Now is the time to put people and places at the heart of real estate.

What is social value?

For the purposes of this report, we refer to "social value" as the extent to which activities improve "economic, social, and environmental well-being," which ties into the definition from the Organisation for Economic Co-operation and Development (OECD) of how to measure societal progress and the United Nations Sustainable Development Goals (SDGs). When thinking about social value measurement, it is important to recognise that social value is contextual, unique to a place and time. It is also subjective and needs to be viewed from the perspectives of different stakeholders.

The real estate industry has an important role to play in inclusive and sustainable development. Real estate has multiple SDG links and well-being benefits. However, the survey and stakeholder interviews highlighted six barriers to creating greater social value:

- Political, economic, and business culture;
- Fragmentation and lack of alignment in decision-making across different stakeholders;
- Focus on financial return expectations;
- Lack of consensus and transparency;
- Focus on outcomes, not outputs; and
- Lack of knowledge and skills.

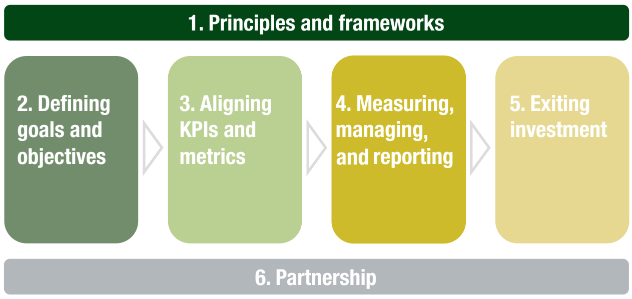
Strategies, frameworks, and tools for social value creation and measurement

Over the past few decades, frameworks and tools for measuring and calculating social value have proliferated. Yet no one tool can meet the needs and requirements of all stakeholders. Rather, organisations need to take a principles-based approach to embed social value considerations into strategy, operational decisions, performance monitoring, and reporting.

In the report, we map existing frameworks and tools using a decision-making framework which explains how different frameworks and tools can help in the following steps enumerated in figure 1.

Different tools serve different purposes, including taking operational decisions, assessing societal impact, and reporting to external stakeholders.

Figure 1: A decision-making framework for useful social value measurement tools



Road map for social value creation

Enhancing the role of real estate in social value creation requires all market actors – including both public-sector and private-sector players – to embed social value considerations into decision-making and optimise social value creation for the benefit of everyone.

To successfully achieve this aim, all stakeholders need to act. This research, as well as the case study examples featured in this report, have laid the foundation for the recommended road map by describing what actions are needed to underpin a strong, enduring, and trusted future for the real estate industry that purposefully creates social, environmental, and broader economic value over the long term, along with financial value creation. The road map highlights six categories of action (see figure 2).

Figure 2: A road map for better social value creation in real estate

1. INTRODUCTION

Business leaders and investors across all industries increasingly acknowledge they have a role to play in tackling environmental and social problems and meeting the challenge of sustainable development. The UN Sustainable Development Goals sounded a rallying call that has become even more urgent in the face of the COVID-19 pandemic. So far, most attention has been focused on environmental issues and the risks and opportunities associated with mitigating climate change. Environmental reporting practices and standards are developing rapidly.

Social issues relating to the well-being of people and places, social inclusion, and the eradication of poverty and inequality have received far less attention from the business and investor community. However, the pandemic has shone a spotlight on the persistently high levels of social and spatial inequality globally, including within Europe, and the inequity of differences in living standards and the quality of life of the rich and poor.

Today we see a growing interest in the social dimensions of sustainable development and the key concept of social value. Some industry practitioners recognise that both the appraisal of projects and investment decisions are heavily weighted towards traditional economic and financial return measures, not social and environmental value creation. ULI global surveys (Social Value Survey 2020 and Emerging Trends Europe 2021) have found that real estate practitioners and investors, in particular, have a strong interest in developing a better understanding of what social value is, how it fits with their fiduciary responsibilities, and how to measure and report on social value creation. With this interest has come the rise of impact investing – investing with the intention of contributing to tackling social and environmental challenges, or both, whilst generating a financial return – which provides relevant conceptual thinking and impact measurement and management approaches.

Despite this increased interest, there is no shared understanding of how real estate relates to social value creation, nor is there a common approach to describing and measuring social value and incorporating social value considerations into decision-making. The increasing number of frameworks, tools, and methods designed to support social value or impact measurement can be difficult to navigate. The lack of common approaches across the real estate value chain and throughout the life cycle makes it hard for investors, and all stakeholders, to come together to create shared value and compare and contrast approaches. Organisations are reinventing the wheel and developing their own approaches of what good social value creation looks like. At the same time, calls are growing for greater stakeholder accountability and transparency when it comes to social value measurement and reporting.

The overall aim of this report is to help develop a shared and better understanding of how to define, create, measure, and manage social value across the real estate industry. Our particular focus is to develop conceptual thinking and shared methods on how to integrate social value considerations into economic and financial models and decision-making tools. Specifically, the report has four objectives:

- Provide an overview of the role of real estate in creating social value;
- Present findings from a survey and stakeholder interviews on current industry perceptions and emerging practices related to social value creation and measurement;
- Map existing frameworks and tools used to integrate social value considerations into decision-making and to measure, manage, and report on social value; and
- Provide the fundamentals of a road map as to what actions are needed to underpin a strong, enduring, and trusted future for the real estate industry that contributes to more inclusive and sustainable development.

BRENT CROSS TOWN PLOT 14 VISUALISATION.

The report is written for stakeholders across the industry, including developers, property owners, architects, urban planners, and public officials. It focuses on social value creation and measurement from the perspective of real estate investors in particular. Investors provide the capital required for real estate development and own real estate assets as landlords, so they play a fundamental role in determining what type of real estate is developed, for whom, and where; its affordability; and how well it is maintained. Ultimately, the report aims to encourage a collaborative and shared value approach recognising that every discipline has a role to play in social value creation.

The COVID-19 pandemic has made this topic even more timely and relevant. ULI and PwC's Emerging Trends Europe 2021 survey reveals that industry leaders see COVID-19 as a game changer. Real estate professionals are coming to terms with the fact that we can expect more working from home, more online shopping, and less international travel – all of which strike at the heart of how the real estate industry currently operates. Some changes in lifestyle and working patterns are temporary, but others are here for good – leading to fundamental rethinking about the future of offices, town centres, high streets, and our relationship with nature.

The global pandemic has also highlighted and exacerbated the profound social and spatial inequalities that exist both globally and within countries. Lockdown has underlined the importance of having a good-quality, affordable home and access to green space and has led to increased concerns over the affordable housing crisis and rising homelessness. It has also reinforced the links between poverty and health inequalities. Failure to create good jobs, good homes, and good places to live represents a failure of capitalism and the market systems we have created. Failure to consider the impacts on those who might lose out from real estate development also presents risks to the sector itself, such as vandalism and longer-term social unrest.

With these risks come opportunities. COVID-19 has inadvertently given us all time to think about what kind of economy, society, and world we want to live in. Now is the time to rethink the role of the real estate sector in terms of not only design and the built environment but also what the relationship should look like between landlords, tenants, and local communities, how we value location and space, and how real estate can help tackle social and spatial inequalities. With this comes the opportunity to repurpose and link real estate development and investment more closely to local community needs and people's changing living and work patterns. Now is the time to put people and places at the heart of real estate investment and development.

Research methodology

This study was led by Sarah Forster (Chief Executive officer and Co-Founder, The Good Economy) and Dr. Eime Tobari (Founder, COCREATIF), working in partnership with ULI staff and the steering committee.

Information on existing perceptions and practices of social value creation was collected through a literature review, global online survey, interviews, and case studies. The literature review was aimed at identifying existing frameworks and tools that are relevant to social value creation and measurement. The online survey was designed to understand perception and practice of social value creation and measurement amongst the global ULI community. The survey, which consisted of 22 questions, was conducted in November 2020. A total of 155 responses were received and analysed.

Semi-structured interviews were carried out to provide a more in-depth understanding of perceptions and practice and to identify best practices for the case studies. Over three months between October and December 2020, 22 interviews with 25 individuals were carried out. Interviewees included real estate investors, asset managers, developers, architects, and consultants. Most interviewees are based in the United Kingdom or Continental Europe, but many represent businesses with global operations. Two roundtable discussions were held in January 2021 to receive feedback on key findings from a broader audience in the real estate sector before finalising the report.

Report structure

This report consists of four more chapters:

Chapter 2, "The Role of Real Estate in Creating Social Value" provides the market context, including the role of real estate in sustainable development and the rise of investor interest in environmental, social, and governance (ESG) investing and impact creation.

Chapter 3, "Industry Perspectives on Social Value" provides key findings and analysis of data gathered through the surveys and interviews.

Chapter 4, "Mapping Social Value Measurement Frameworks and Tools" provides an overview and mapping of existing frameworks and tools within a decision-making framework.

Chapter 5, "A Road Map for the Future of Real Estate in Social Value Creation" provides recommendations as to what actions are needed to underpin a strong, enduring, and trusted future for the real estate industry that purposefully creates social, environmental, and broader economic value along with financial value over the long term.

2. THE ROLE OF REAL ESTATE IN CREATING SOCIAL VALUE

This chapter describes how social value is defined, discusses how real estate contributes to the UN Sustainable Development Goals, and provides a conceptual framework for considering the social value of real estate and its links to fiduciary responsibility and ESG or impact reporting.

Defining social value

Globally, no consensus definition of social value exists. Social value definitions focus on accounting for non-financial value that is not reflected in market prices or financial measures (externalities).

For the purposes of this report, we define "social value" as the contribution of activities to "economic, social, and environmental well-being"; this ties into the UN SDGs, which can be viewed as a well-being framework (see below), as well as the Well-being Framework of the OECD, which identifies 11 dimensions of well-being (see figure 3). The OECD framework is built around three distinct components: current well-being, inequalities in well-being outcomes, and resources for future well-being.

Figure 3: OECD Well-being Framework – Key Dimensions

- Income and Wealth
- Work and Job Quality
- Housing
- Health
- Knowledge and Skills
- Environment Quality
- Subjective Well-being
- Safety
- Work-life Balance
- Social Connections
- Civil Engagement

Source: OECD

A related term that is gaining common currency in the investment world is "impact". This is used to describe the positive and negative effects produced by an intervention, either directly or indirectly, intended or unintended. Impact measurement refers to measuring and managing the process of creating social and environmental impact in order to maximise and optimise it.[1]

When thinking about social value measurement, it is important to recognise that social value is not objective, fixed, or stable. Social value is contextual, unique to a place and time and the type of real estate development or investment. It is also subjective and needs to be viewed from the perspectives of different stakeholders. For local government, for example, social value creation is linked to planning and local development objectives and may include meeting local housing needs and creating local jobs. For developers and construction firms, social value is often thought of more narrowly in terms of (local) job creation and training opportunities. For businesses and investors, social value has traditionally been equated with corporate social responsibility (CSR) but is now increasingly being looked at through the lens of ESG and positive impact creation as it relates to core business strategy.

Measuring social value requires recognising that its very creation is a long-term and dynamic process involving multiple actors, which requires defining the nature of social value in relation to the local context and aligning stakeholder perspectives around shared objectives. This is very different from measuring environmental performance, which is more objective and easier to define in terms of common quantitative measures across different types of real estate schemes, such as energy use intensity and greenhouse gas emissions.

[1] Impact Management Project Glossary.

The fact that social value creation is a long-term process is a challenge to traditional economic and financial models, which focus on short-term value creation and performance measures such as profitability, land value, and the internal rate of return. Hence integration of social value considerations requires new ways of thinking and analysing performance, combining both financial and non-financial performance measures.

The Sustainable Development Goals

The UN Sustainable Development Goals are a good place to start when considering how to frame and understand what we mean by social value and what we are looking to achieve in real-world terms.[2]

Social value is about what is in society's best interests. The SDGs are a set of goals which, if achieved, would benefit society globally. All UN member states adopted the 2030 Agenda for Sustainable Development in 2015. At its heart are the 17 SDGs, which are an urgent call for action by all countries across the whole spectrum of income levels. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies which improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve nature, including our oceans and forests. According to the UN, we face a $2.5 trillion annual investment gap to achieve these goals. COVID-19 has increased many of the challenges the world faces and made achieving these goals even more challenging.[3]

Figure 4: The Sustainable Development Goals

[2] The concept of sustainable development was described by the 1987 Brundtland Commission Report as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

[3] The OECD measures distance to the SDG targets by country.

The SDGs are important as they achieved a normative shift. What "value" is and what is in society's "best interests" are ethical or moral and normative questions. The SDGs re-conceptualise development as a universal aspiration for human progress that is inclusive and sustainable, displacing the previous Millennium Development Goals–driven notion of development as a North-South project to meet basic needs and end poverty.

Income and wealth inequality are major concerns globally. The socioeconomic divide has been on the rise globally over the past decades, has intensified since the onset of the global financial crisis, and has been exacerbated by the COVID-19 pandemic. High and rising inequality harms our societies in many respects. It can hamper social cohesion, resulting in lost opportunities for many, and can result in worse levels of health and well-being. Inequality can also lower social trust in institutions and fuel political and social instability. Broken trust can lead to intolerance and discrimination. Concern is growing across European countries and globally about the links between inequality and political instability. The socioeconomic divide can also grow over time by transmitting advantages and disadvantages from one generation to the next. Hence, when thinking about social value creation, all economic actors have to consider the needs of future generations in light of the needs of current generations.[4]

The SDGs are also important because they provide an understanding of what "good" looks like – what it is we are trying to achieve – and provide a set of targets and indicators. The vast majority of corporate reporting reflects a concept of sustainability as internally defined by the industry or even individual institutions within it. Measuring and reporting environmental or social progress without a "denominator", particularly one that is globally agreed, prevents both assessment of what is sustainable and measurement of progress. Although all the SDG targets and indicators may not always be relevant to a specific real estate project or investment (there are 169 targets and 232 indicators), they provide useful guidance as to which types of measures are relevant to sustainable development. It is possible to link project or portfolio-level metrics and performance to alignment and contribution to the SDGs, as further discussed in Chapter 4.

Collaboration and innovation are critical to meeting the challenge of sustainable development. Goal 17 is to build partnerships for sustainable development. It highlights the need for different sectors and actors – across the public sector, private sector, and civil society – to work together to achieve the SDGs by pooling financial resources, knowledge, and expertise.

An increasing number of industries and private-sector companies are recognising the SDGs and considering how, as responsible companies, they can contribute to their achievement. In part, this is due to increasing public awareness and consumer pressure. The climate crisis, in particular, has sparked public interest and anger. People around the world, led by the young, have recognised that the climate crisis is more than an environmental crisis: it is an existential crisis that requires urgent action underpinned by political leadership. This recognition has led to increasing public pressure on governments and companies to do what it takes to transition to a zero-carbon economy. Today we are also seeing growing social and political unrest over inequality and the gap between rich and poor. With such public awareness comes a growing interest among individuals in identifying themselves with brands and products that reflect their values and are taking action to work towards a better world.

The role of real estate in sustainable development

The real estate industry is a more fragmented, opaque, and anonymous industry than many others. Most people will know the brands that occupy shops and offices, but may not know the companies that are involved in the design, construction, management, and ownership of these buildings. The industry works across different sectors. Figure 5 provides an indicative breakdown, including residential, retail, office industrial, leisure, and infrastructure related to property development and investment. The real estate industry also includes the diverse range of related activities such as design, planning, financing, construction activities, valuation, property management, and consultancy and brokerage services.

[4] OECD Understanding the Socio-Economic Divide in Europe 2017 Report.

Figure 5: Real estate sectors

Residential	Retail and Entertainment	Office	Industrial	Hospitality	Infrastructure
Housing Affordable housing, social housing Shared living: student, retirement homes, co-living	Shopping centres Retail parks High-street retail Leisure, e.g., cinemas, sports facilities	Central business district Neighbourhood Co-working	Manufacturing (factories) Logistics (warehouses)	Hotels Resorts	Transportation Communications Energy Social, e.g., health facilities, schools, community centres Cultural, e.g., art galleries, theatres, museums Data centres

Real estate has a significant and important role to play in sustainable and inclusive development. There are clear links to SDG 11: Sustainable Cities and Communities – to "make cities inclusive, safe, resilient and sustainable," including ensuring access for all to adequate, safe, and affordable housing. This goal is important given the rapid growth of European cities and the fact that 75 per cent of the European population already live in cities and urban areas with growing problems of housing affordability. Real estate also contributes to other SDGs, including the health and well-being of individuals and families (SDG3), inclusive and sustainable economic growth and employment (SDG8), reducing inequalities (SDG10), clean energy (SDG7), responsible consumption and production (SDG12), and climate action (SDG13).

The real estate sector has a higher economic importance than some other sectors such as the automotive industry or the health care sector. It makes a major contribution to gross domestic product in the European Union and provides prosperity and jobs. According to Eurostat data, the real estate sector contributed approximately 10 per cent to the European economy in 2018. Commercial property alone contributed €452 billion (3.1 per cent) to the EU economy in 2019, compared with automotive manufacture (€261 billion) and telecommunications (€197 billion).[5]

Although the economic value of the real estate sector is high, its contribution to environmental and social value creation is more mixed and can lead to negative impacts. Buildings and construction together account for 36 per cent of global energy use and 39 per cent of energy-related carbon dioxide (CO2) emissions.[6] Unintended and negative social effects can arise from unconstrained economically focused development.
In addition, from a public perception perspective, the industry could become mistrusted and viewed as an industry that prioritises creating wealth for developers, landlords, and investors over concern for societal benefit.

Urban regeneration projects and real estate development schemes can exacerbate the problems of social and spatial inequality. Urban regeneration can result in gentrification and displacement or ghettoisation of low-income households. New developments may not provide affordable housing and provide retail space that is difficult for local businesses to afford, favouring large companies and high-street brands selling high-cost products and services. The success of urban regeneration projects is often measured in financial terms and related to increasing property values. A social value approach would look at the wider place-based benefits and how the development creates positive direct and indirect impacts for local people and communities, and how to mitigate negative impacts.

[5] INREV Estate in the Real Economy 2020 Report.
[6] UN Environment Global Status Report for Buildings and Construction 2019.

Affordability is a key concern when looking at the contribution of real estate to inclusive development. The affordability of real estate and rental prices and changes in those prices directly affect the wealth of property owners and tenants, their spending power, and their well-being. Across Europe, increasing numbers of people are struggling to find good-quality homes at a price they can afford. As ULI's 2020 report *Promoting Housing Affordability* highlights, lack of housing affordability has reached a crisis level in many European cities with a mismatch between the affordability of housing units that are built and those in housing need. Rising wealth (asset) inequality is a major challenge where the real estate industry has an important role to play through the residential housing sector.

Longstanding concerns exist that the financialisation of real estate – where property is commodified as a financial "asset" that generates "yield" – has led to a disconnect between financial value creation and social value creation. The globalisation of real estate investment has exacerbated this trend: assets are viewed from the perspective of their financial value and income- or profit-earning potential, with no regard for their impact on people and places and wider societal benefits.

Financialisation concerns do not apply only to the private sector. The public sector can also be focused on the financial value of property investment seeking to generate income from property investment or privatising public spaces as a source of revenue. In many countries, such trends have increased in the face of austerity where local government has focused on maximising returns from commercial property investment as a source of income rather than looking at property investment in relation to local social and economic development needs. Moreover, silos between responsibilities that are often assigned to different departments lead to one department being responsible for land and property and focusing on maximising land value and financial value, while another department is responsible for community development and a social agenda. That being said, the public-sector approach to urban and real estate development differs across and within European countries. The case studies showcase good examples of how social value creation has been integrated into real estate development planning and decision-making.

Creating social value requires holistic decision-making as well as understanding the roles and responsibilities across the value chain and life cycle of assets. Currently economic decisions often override possible social value returns. All relevant stakeholders need to be more aware of social issues and deliberately consider social as well as financial benefits. Questions of cost and affordability are, however, important, and "Who pays?" needs to be part of any discussion about social value creation. As our case studies illustrate, many leaders in this space recognise that increased short-term costs in measures that enhance social benefits can help drive long-term sustainable value creation.

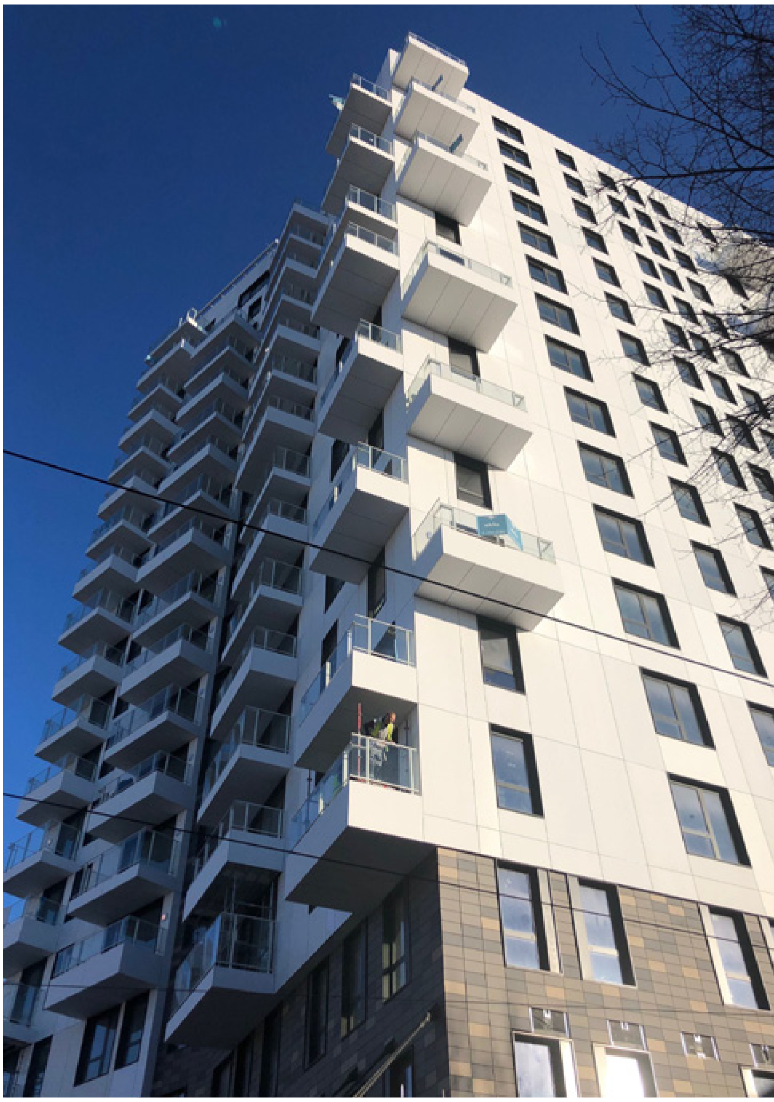


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Figure 6: Social value creation in real estate: development and existing assets

	PLANNING & DEVELOPMENT	MANAGEMENT & OPERATIONS
TIMESCALE	1–5+ years	5–30+ years
SOCIAL VALUE DERIVES FROM	**USE OF LAND**	**USE OF PROPERTY**
FACTORS TO CONSIDER	Location, demographics, local economy, mix of uses, place-making, current and future infrastructure requirements, socioeconomic needs	Safety, health and well-being, affordability, quality, tenant engagement, tenant satisfaction
STAKEHOLDERS	• Municipality/government authority • Planners • Architects, design firms • Developers • Construction firms • Local community • Funders: government, banks, investors – risk capital	• Tenants • Property managers • Users • Local community • Asset owners/investors
FINANCIAL MODEL	Costs: Price of land and development costs Revenue: Profit from development sales	Costs: Price of acquisition + maintenance and repairs Revenue: Rental income and property value increase
OPPORTUNITIES	Meet local development needs (e.g., housing, office, industrial space, urban development) and enhance the prospects and well-being of places and people	Provide space for living, working, shopping, leisure and enhance the prospects and well-being of places and people
RISKS OF NEGATIVE IMPACT	• Local residents do not benefit due to wrong mix of uses/affordability • Displacement • Poor quality design and construction • Lack of community cohesion	• Lack of use value for local people and places • Lack of affordability • Lack of maintenance and repairs
ACTIVITIES/DECISION AREAS RELEVANT TO SOCIAL VALUE CREATION	• Local needs analysis • Pre-planning/planning application • Stakeholder consultation • Feasibility studies • Design • Choice of construction contractors • Choice of suppliers	• Tenant engagement • Community engagement • Property management • Programme delivery (e.g., community events) • Retrofit • Redevelopment/repurposing

A framework for assessing the social value creation of real estate

For the purpose of understanding and analysing social value creation, we make the distinction between *new development* of real estate and *existing building stock* (see figure 6)*.* For new developments, social value derives mainly from the use of land – land use mix and property types.' The relationship between the public sector and the private sector is often important to social value creation, and a close relationship exists between social value creation, land ownership, and land value capture. The nature of development will lay the foundations for future social value creation.

For existing properties social value derives mainly from the *use of the properties* – who the tenants are, the affordability of rents, and how properties are maintained or improved for the benefit of users, the local community, and the environment. The relationship between the property owner and the tenant is at the heart of social value creation. For example, asset owners/ landlords can engage with tenants to design events and activities to enhance social value together.

Investors are important actors in real estate. Different financial institutions provide access to finance at all stages of the value chain and life cycle and will have different expectations in relation to risk and return. Debt finance from banks and lending institutions is the biggest source of finance for real estate. In terms of equity investors, some investors specialise in "value added" and "opportunistic" strategies that fund higher-risk new developments or repurposing and renovation projects. Other investors, particularly institutional investors, will focus on buying and holding properties that are low-risk investments, providing stable returns (so-called "core" strategies) that generate income for shareholders, including pension funds, over the long term.

Increasingly investment is shifting towards responsible and sustainable investment strategies, including by the world's largest real estate investors/investment managers, such as CBRE GI, Credit Suisse, and PGGM. This means making sustainability integral to portfolio construction and risk management; exiting investments that present a high sustainability-related risk; launching new investment products that have a sustainability focus; and strengthening the commitment to sustainability reporting and transparency. To date, sustainability concerns have largely focused on environmental sustainability.

Three key factors are driving the trend towards more responsible and sustainable investing:

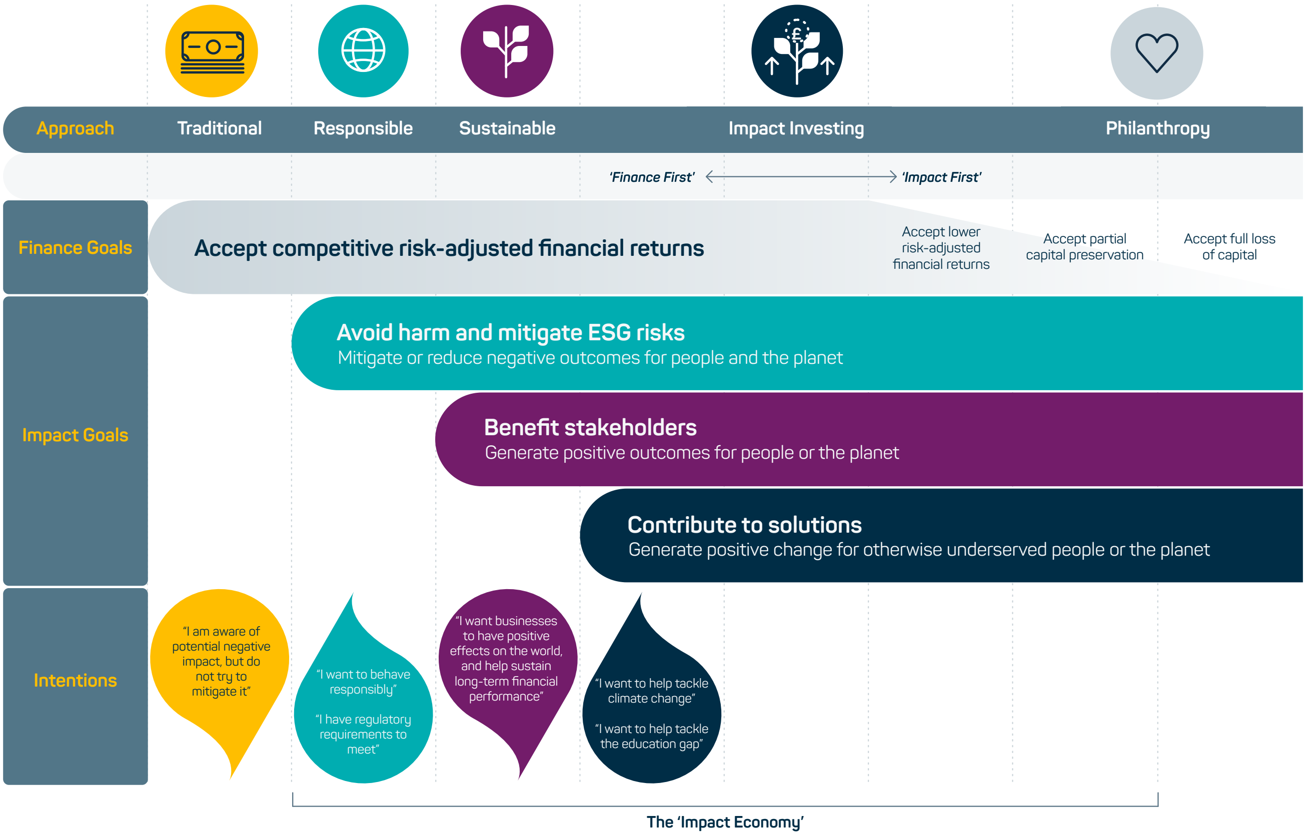
First is the push from global policy commitments and associated regulation, such as the EU Action Plan for Sustainable Finance and Task Force on Climate-Related Financial Disclosures (TFCD), which are driving a greater focus on ESG integration.

Second is the pull from client demand, including asset owners, such as pension funds, underpinned by pressure from end beneficiaries - the public who save and invest. As highlighted in ULI's *Emerging Trends in Real Estate 2021* report, people are paying much closer attention to how companies affect the world and want to feel the money they are spending or investing is, at a minimum, not making the world a worse place – and ideally, making it better.[7]

Third is innovation happening within the asset owner/asset manager/finance industry – the supply side – to respond to government regulation and client demand. The financial sector is seeing a high level of activity related to improving ESG integration and reporting and developing new impact investment products.

[7] In the United Kingdom, the Make My Money Matter campaign was launched in 2020 to mobilise public demand for pensions to be invested in ways that build a better world.

Figure 7: The Spectrum of Capital



Source: Impact Investing Institute, Bridges Fund Management and Impact Project Management

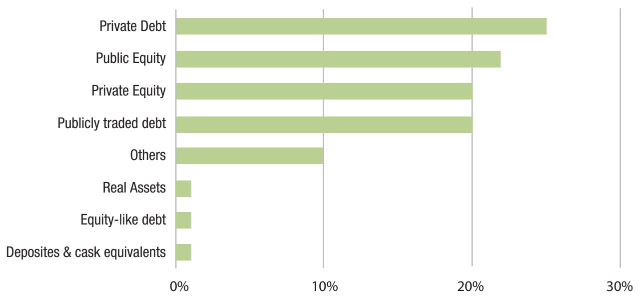
Figure 7, illustrating the spectrum of capital, provides a useful way of differentiating between various investment strategies and the extent to which they intentionally consider positive environmental and social impact creation.

Alongside this focus on ESG, impact investing has risen across financial markets. Emerging in 2008 in a publication from the Rockefeller Foundation, the term "impact investing" began primarily as a conversation on how to use capital differently. As with ESG, it is a component of a broader shift towards a more responsible, sustainable, and inclusive form of capitalism. Although impact investing started as an investment approach developed by specialist impact investors focused on delivering financial returns alongside positive social or environmental impact or both, it is rapidly entering the mainstream. Impact investing is seen as part of a larger movement to shift the mindset of the mainstream financial sector to look beyond profits and prosperity and create benefits for people and the planet.

Impact investments are made intending to generate positive measurable social and environmental impact alongside a financial return. Impact investments can be made across all asset classes, including corporate debt, private equity, and real estate. Impact investments do not, by nature, result in lower returns and may result in equivalent or better risk-adjusted returns, particularly when viewed over the long term.

According to the Annual Investor Survey of the Global Impact Investing Network (GIIN), the impact investing market is estimated to have grown from roughly $25 billion in 2013 to over $715 billion at the end of 2019. This substantial growth in the scale of the market has been galvanised by increasing discussions about how best to harness the potential of the capital markets to address global challenges. Real assets make up only 1 per cent of this total (see figure 8). Real estate is behind other asset classes, including private equity, public equity, and bonds, in terms of adopting impact investment strategies.[8] However, real assets was the second-fastest-growing asset class from 2015 to 2019 (21 per cent compound annual growth rate), after public equity. Affordable housing is the main area of focus for impact investors in real estate. According to the GIIN, 8 per cent of all assets under management are allocated to affordable housing and 39 per cent of respondents allocated impact capital to housing in 2019 with an 11 per cent compound annual growth rate during the period 2015–2019. Among those allocating at least 50 per cent of their impact assets to housing, 37 per cent are private-debt focused, 32 per cent are real asset focused, and 5 per cent are private equity focused.

Figure 8: Impact investments by asset class



Source: 2020 GIIN estimate.

Fiduciary responsibility, sustainability reporting, and materiality

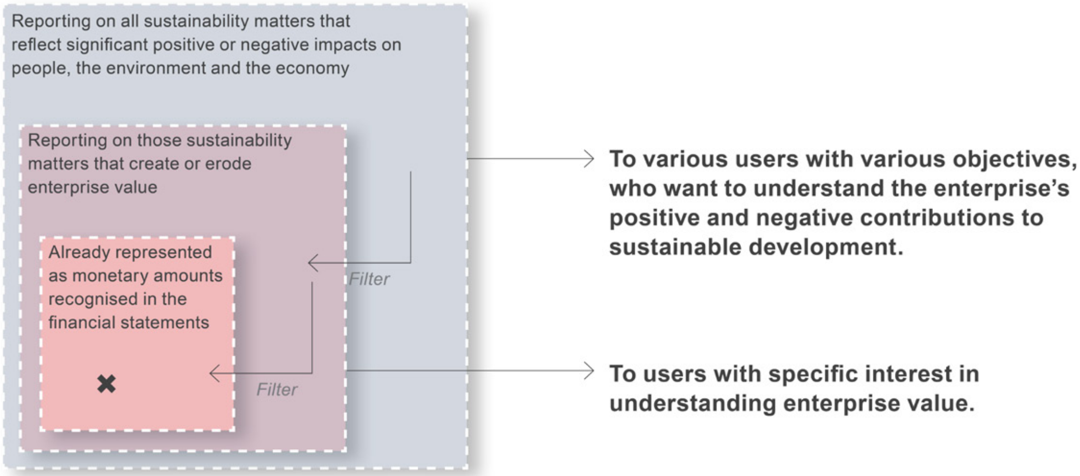
The topics of fiduciary responsibility, sustainability reporting, and materiality are relevant to the role of investors in social value creation. Fiduciary responsibility refers to the legal obligation of investment intermediaries, such as pension funds, to act in the best interests of those whose money they steward and manage, for example pension contributors. Historically, trustees used a narrow interpretation of fiduciary duty and focused on maximising risk-adjusted financial returns. However, today investment institutions are expected to take into account ESG factors in making investment decisions.

This has resulted in increased levels of corporate sustainability reporting against ESG measures as well as contribution to the SDGs. ESG reporting typically focuses on disclosures that are within an organisation's control and therefore easily captured from inside the reporting organisation (internal focus), whereas impact (and social value) reporting strives to directly measure changes to planet or people resulting from an organisation's activities. This necessarily has an external focus with outcomes often more accurately captured from outside the reporting organisation (external focus).

Corporate ESG reporting has historically focused on avoiding harm, mitigating risks, and managing reputations. Impact reporting has historically focused on how organisations can make a positive contribution to the societal and environmental challenges the world faces. But ESG reporting is evolving to include positive contributions, whilst impact reports are evolving to include negative impacts and the associated risks. Thus, the lines between both forms of reporting are becoming increasingly blurred.

[8] GIIN, 2020 Annual Impact Investor Survey.

Figure 9: Corporate reporting spectrum



Source: Impact Management Project (IMP) in its role as facilitator to CDP, CDSB, GRI, IIRC and SASB.

Corporate reporting standards and benchmarks are continually evolving and developing, along with a drive for more sector-specific data, better data quality, and consistency and a focus on impacts and actual performance. To date, environmental reporting standards are more advanced than those for reporting on social issues. Significant efforts are underway by key framework and global standard-setting institutions such as CDP, the Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), and the Sustainability Accounting Standards Board (SASB) to develop a shared approach to comprehensive corporate reporting on sustainability performance. This will be done in partnership with key actors, including IOSCO and the IFRS, the European Commission, and the World Economic Forum's International Business Council.[9]

Typically, firms focus on reporting ESG factors that are financially material. However, they are shifting towards accepting the concept of "dynamic materiality" – the concept that what investors consider to be material ESG issues changes over time. This can happen slowly, as with climate change and gender diversity, or quickly, as with plastic pollution of the ocean.

From a social value perspective our interest is in "stakeholder materiality": this means understanding factors that are material to people and planet. The European Commission's Non-Financial Reporting Directive (NFRD) marks a significant regulatory shift in this regard by asking large companies and financial institutions to identify environmental and social issues that are materially affected by the activities of a company or financial institution. The directive is intended to strengthen the weak link between impact and value creation and take a stakeholder materiality perspective.[10] Figure 9 depicts the corporate reporting spectrum and links to financial and stakeholder materiality.

[9] For further information, view this joint statement here.

[10] Impact Investing Institute Reporting of Environmental, Social and Economic Outcomes Briefing paper, 2020.

Reporting has been instrumental in increasing the focus on sustainability issues. Focusing on social value measurement and reporting offers the opportunity to pay greater attention to social issues.

In summary:

- Real estate has an important role in creating social value through its contribution to the SDGs. It provides the built environment and shapes the nature of the places where people live, work, and play. Real estate has multiple SDG links and well-being benefits. However, it can also create negative impacts and exacerbate social and spatial inequalities.
- From a public perspective, real estate is a fragmented and opaque industry with little transparency and accountability when it comes to delivering wider societal benefits. Real estate is a landlord (rentier) business model and can be perceived as an industry that creates wealth for developers, landlords, and investors and prioritises financial gain over concern for societal benefit. Real estate is often seen as an asset class ignoring its social value and the perspective of users and society.
- Based on societal trends, increased regulation and investor pressure and interest, we have started to see the focus on social value increase in real estate, e.g. through impact investing products.
- However, there is an urgent need for a reset and for the industry to regain its social licence and to demonstrate how it creates social value for all.

3. INDUSTRY PERSPECTIVES ON SOCIAL VALUE

This chapter analyses the ULI global survey results and presents findings from stakeholder interviews.

Both survey respondents and interviewees were senior in their respective organisations – typically at chief executive officer or director level. A total of 155 ULI members responded to the online survey conducted in November 2020. The majority of respondents had a European focus (40 per cent country specific, 24 per cent pan-European), with other geographies also represented (20 per cent U.S. focus, 17 per cent global, and 16 per cent Asia Pacific). The respondents represented a mix of stakeholder types, including developers (23 per cent), investors/asset owners (17 per cent), urban designers/architects (14 per cent), real estate consultancy firms (13 per cent), fund managers (8 per cent), and government/municipality representatives (6 per cent). Sectors covered included mixed use, office, retail, residential, and hospitality. The researchers also conducted 22 in-depth interviews.

Survey results

The survey asked respondents the following questions.

What is social value?

Survey respondents were asked which terms they were most familiar with when considering non-financial value (see figure 10).

In terms of familiarity, "sustainability" was selected by 84 per cent of respondents.[11] This likely reflects the well-developed nature of the global environmental sustainability agenda, with the term "sustainability" increasingly used to refer to both environmental and social issues.

About 6 of 10 respondents were familiar with the term "social value" (63 per cent) and just over half with "impact" (52 per cent). In the United Kingdom, the term "social value" is widely used and reflected in legislation such as the 2012 Public Service (Social Value) Act and in public procurement requirements. The term "impact" is becoming more commonly used among the investment community due to a growing interest in impact investing.

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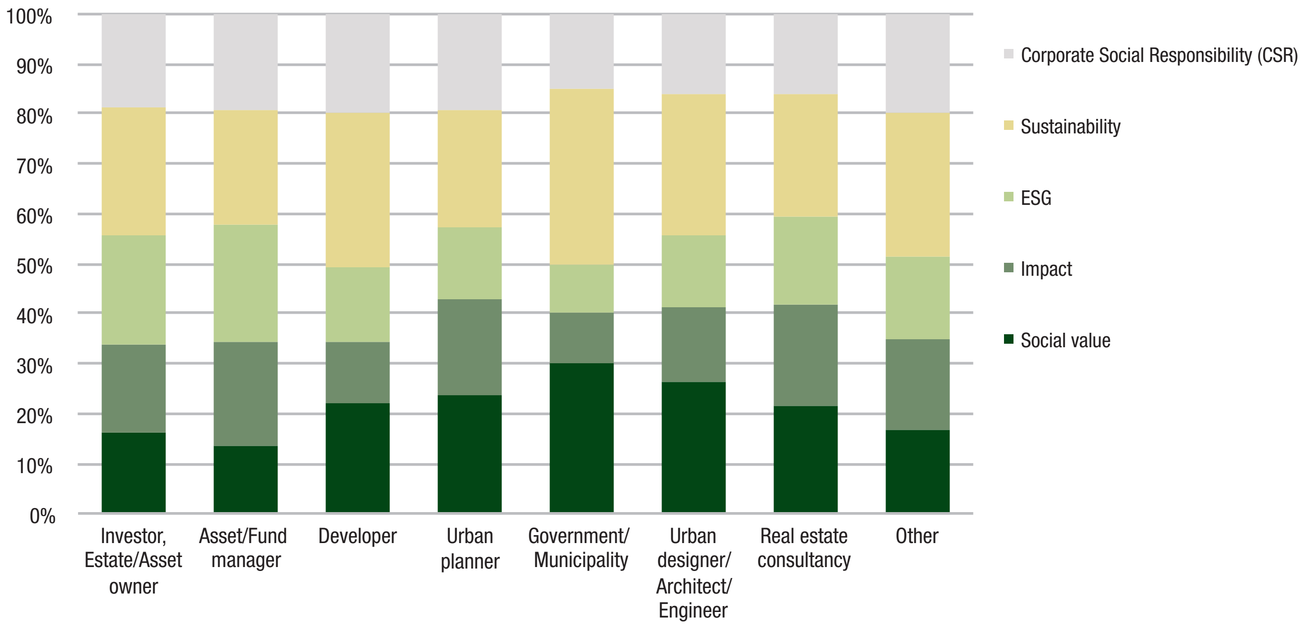
[11] As respondents to the survey were self-selecting, findings are not generalisable.

Figure 10: What terms are you most familiar with?



About half of respondents highlighted "CSR" (56 per cent) and "ESG" (55 per cent).

The use of different terms reflects differences in the origins and approaches to social value measurement across the public, private, and community sectors. For example, "social value" is familiar to 30 per cent of government respondents but only to 13 per cent of asset/fund managers. Asset/fund managers tended to have greater familiarity with the terms "ESG" and "impact", as well as "sustainability".

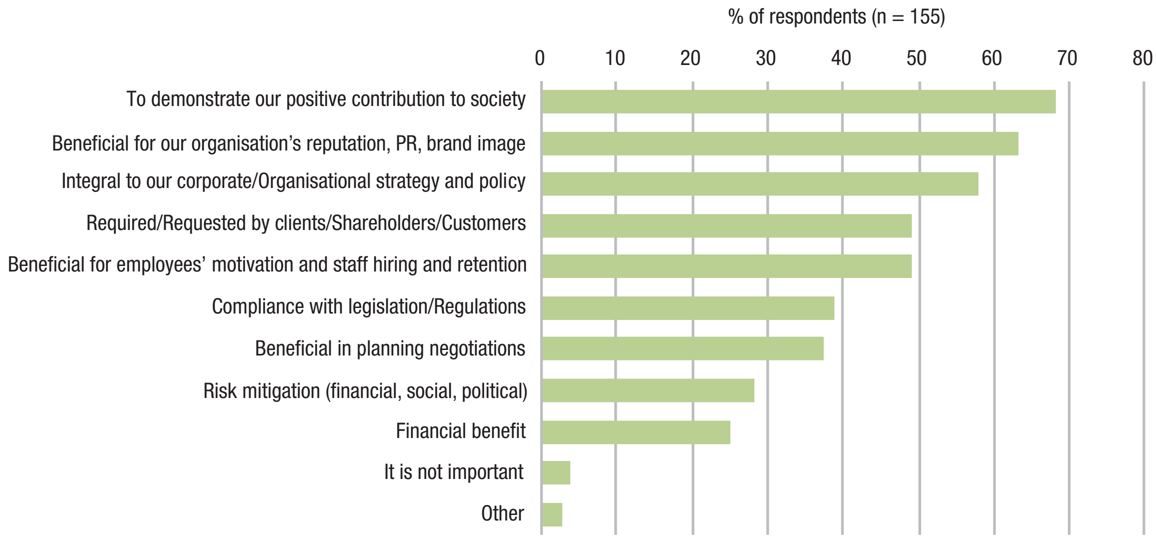
These findings highlight the lack of common language and use of terminology. This is one of the barriers to developing a shared understanding and common approach to the concept of social value.

> "We are seeing an interest in stakeholder capitalism. We hope this is a genuine paradigm shift, but it is new and hasn't been operationalised in real estate much. The pandemic has provided an opportunity to make that paradigm shift real. Certainly, in retail, we need to consider community benefit to stay relevant."
>
> **– Global CEO**

Why does social value creation matter?

As shown in figure 11, survey respondents were asked about their motivations and drivers for considering and measuring social value. The most common response was "to demonstrate our organisation's positive contribution to society" (68 per cent). This suggests a growing interest in the SDGs, stakeholder capitalism, and impact investing (see previous chapter).

Figure 11: Why does social value creation matter?



Following closely on respondents' "wanting to demonstrate our positive contribution to society" was the view that social value is "beneficial for our organisation's reputation, PR, and brand image" with 63 per cent indicating this as a motivation. An immediate concern here is that being driven by the motivation to improve an organisation's reputation, PR, and brand image smacks of "impact" or "SDG" washing – essentially the risk of organisations making claims about their positive social value creation for commercial benefit while failing to actually carry out those activities. To address this possibility, we sought to gain a deeper understanding of the extent to which social value creation is embedded in company strategy and influences decision-making.

Nearly 60 per cent of respondents stated that social value creation was integral to their organisational strategy and policies, with about half saying this was demanded by clients, shareholders, and customers. About 50 per cent recognised that such a focus was beneficial for their employees' motivation and staff hiring and retention.

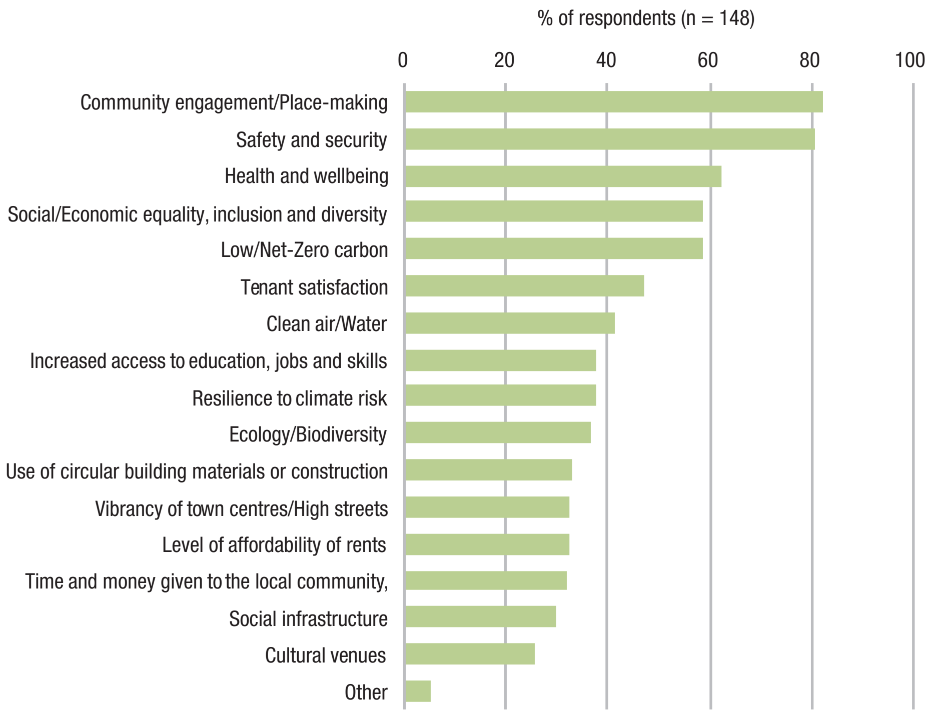
Around 40 per cent of respondents highlighted that social value measurement was necessary to comply with legislation (39 per cent) and was useful in negotiations throughout the planning stages (37 per cent).

Other reasons to take account of social value were to mitigate financial, social, or political risks (28 per cent). Only 25 per cent considered social value important because it resulted in financial benefit.

What factors influence social value creation?

Survey respondents were asked what factors they account for in relation to social value. The top three responses were community-engagement/place-making, safety and security, and health and well-being (see figure 12). Inclusion and diversity are also seen as increasingly important agendas. Some interviewees are focusing on how they can develop properties that attract a more diverse ethnic demographic or housing for specific groups, for example, people on low incomes, with specialist care needs, or who are victims of domestic violence. The level of affordability of rents was seen as relevant to social value creation by only 32 per cent of respondents. Social infrastructure also came relatively low down the ranking at 30 per cent. This 30 per cent is interesting, given that social infrastructure (e.g., schools, health facilities, community centres), as well as cultural venues (e.g., theatres, music, art venues), can create high social value by improving quality of life and well-being.

Figure 12: What do you measure in relation to social value?



The bulk of survey respondents (83 per cent) viewed place-making and community engagement as critical to social value creation. Interviewees recognise that social value creation requires an understanding of local context, the priorities of local authorities and municipalities, and the needs of local stakeholders. This is very much the norm for some investors. The EKLA case study on the next page illustrates how this can happen in practice. In addition, Igloo Regeneration, a UK firm, also takes a locally led approach to development underpinned by sustainable investment principles (see box, p. 37). And Estabona, a firm focused predominantly on investing in shopping centres in small towns (population 100,000–500,000) in Spain takes a community-centred approach.

"We focus on 'micro-markets' where there is a sense of community around assets. In large cities, real estate development is transactional. In a small town, shopping centres represent local institutions. We engage with local stakeholders to identify local needs and see if we can help address them, for example, by creating training and employment opportunities for disabled people working with local NGOs."

– A spokesperson for Estabona

EKLA, Saint-Jans-Molenbeek, Belgium

EKLA is a mixed-use development in the municipality Saint-Jans-Molenbeek, the second poorest in Belgium. The scheme was awarded a special mention in the 2020 ULI Europe Awards for Excellence for its social value contribution.

Revive, the developer, engaged in talks with experts from the region, nongovernmental organisations (NGOs), and universities to assess the potential added social value they could integrate into the development. As a result of this consultation, they made a strategic decision to integrate education and social housing in exchange for a higher density.

The team also engaged arts and culture organisations in creative place-making. A local artist was given access to the then-empty site. He created an art piece from materials retrieved from the site and started to engage with local residents and children from local schools. This gave the developer an opportunity to engage with local residents in a very difficult neighbourhood.

The scheme involved repurposing a former brewery. It offers a range of housing types, including social housing, student housing, affordable rent, affordable sale, private sale, and penthouse flats. It also provides social infrastructure (school), commercial uses, and public space. More information on the scheme is available in ULI's affordable housing 2020 report.

Source: Revive

How do organisations measure social value creation?

Survey respondents were asked to identify which frameworks and tools they use to measure and report on social value creation (see figure 13). The well-established environmental assessment tools top the rankings, with Building Research Establishment Environmental Assessment Method (BREEAM)/Leadership in Energy and Environmental Design (LEED) and WELL building standards certification systems most commonly referred to. GRESB was also in the top 10 and is used by the majority of real estate investors as an ESG benchmarking tool at portfolio level. In terms of social value measurement, at present these tools focus on health and well-being indicators – assessing how a building's design (e.g., space, light, and air quality) affects occupiers' well-being. Coverage of other socioeconomic factors or consideration of externality effects, for example the impact of real estate development on local people and communities, is limited or non-existent. However, these are familiar tools, and interviewees highlighted the efforts underway to develop these industry reporting tools to include social metrics.

About one-third of respondents also referred to the SDGs. Just over a quarter have developed their own bespoke tool in-house. Developers, urban designers, and investors/asset owners are mostly likely to use bespoke tools.

Other tools that were referred to include the Royal Institute of British Architects (RIBA) Social Value Toolkit (8 per cent), Housing Associations' Charitable Trust (HACT) Social Value Bank (5 per cent), Social Return on Investment (5 per cent), UK National TOMs (Themes, Outcomes, Measures) framework (4.5 per cent), GIIN IRIS+ (3 per cent), and the Impact Management Project (3 per cent). These tools are further discussed in Chapter 4.

One respondent commented that *"we have never come across a fully satisfactory framework."* This reflects a broader view that no one tool meets differing needs and that many organisations will refer to different tools or develop a bespoke approach to meet their own requirements.

Many find the large number of different measurement approaches and tools confusing. Nearly half the survey respondents agreed with the statement that *"there are too many frameworks/toolkits and without a leading framework this is confusing."* About a quarter agreed with the statement that *"the existing frameworks and tools are not useful for social value measurement."*

Interviewees also highlighted that reporting is often seen as a *"box-ticking exercise"*. Toolkit social value calculators are regarded as often used to produce social value numbers ex post facto without driving any real impact creation or monitoring of impact performance. *"The tools are not used to evaluate different design options, and most are used to assess intentions rather than monitor actual outcomes and impact post-completion and occupancy,"* one interviewee said.

Figure 13: Which framework or tools do you use or refer to regularly?

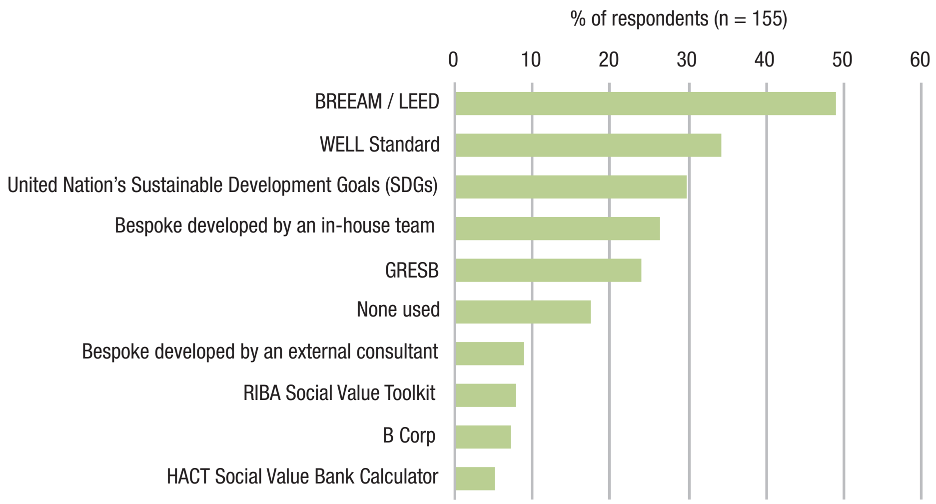


Figure 14: How do you use the results of social value measurement?

When asked how they use the results of their social value measurement, nearly two-thirds of survey respondents said it was to communicate to stakeholders. About half highlighted that they used such information to set impact goals and targets and to assess performance. This is a positive sign showing the existence of a trend towards using such information in setting social impact objectives and targets. Within the environmental sustainability movement, the focus on measurement and reporting has led to a more informed and active approach to reducing carbon emissions and protecting the natural environment.

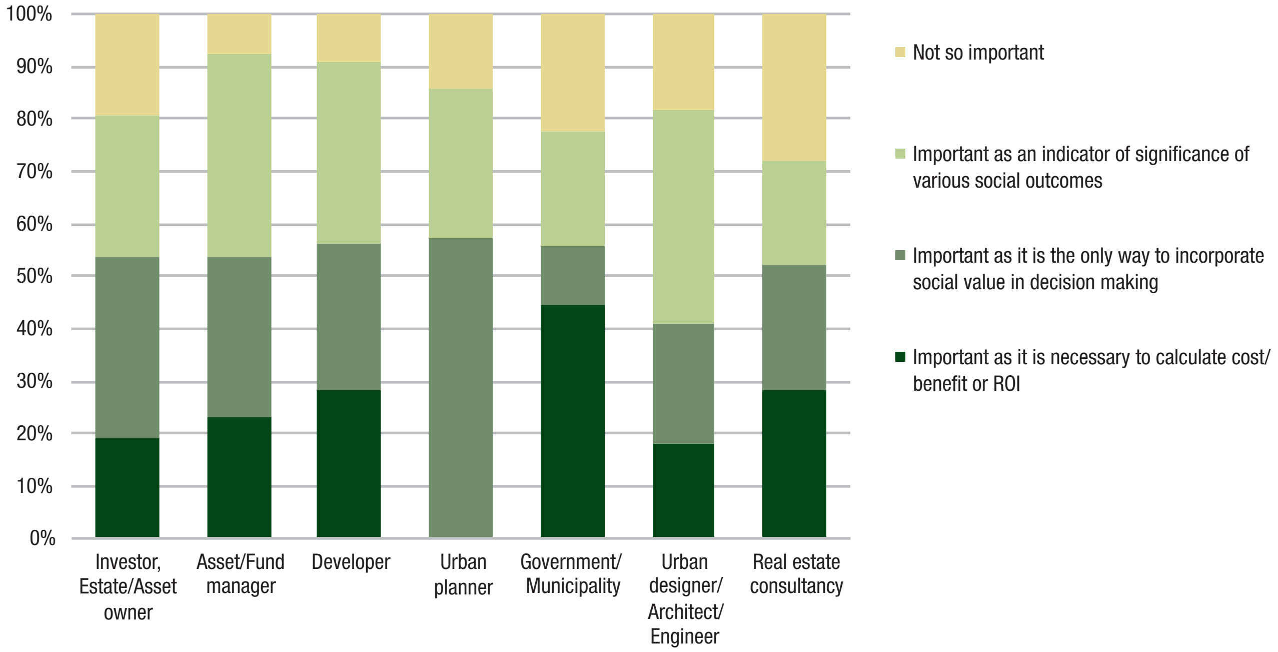
When asked to what extent such measurement contributed to better social outcomes, only 11 per cent said “to a great extent”. About half stated it was to “a certain” or “little” extent. Twenty per cent said they did not know what difference it made.

What is the role of monetisation?

Different methodologies to assess social value (impact) can include both quantitative and qualitative methods. Over recent years, focus has increased on the financial valuation of social and environmental impacts, known as monetisation. The ambition is to develop a way of accounting for financial, social, and environmental impacts, thus providing financial valuations that reflect a more complete and holistic appreciation of value, including taking into account externalities that are not factored into market prices. Given this is a hot topic, the survey asked explicitly about views on monetisation.

Over 80 per cent of survey respondents believe monetising social value is important; however, currently only 22 per cent use this approach. Attitudes towards monetisation differ significantly among stakeholder types (see figure 15). Monetising social value is most important to ensure quantified social impacts are compatible with cost/benefit analysis. Across all stakeholder types, a significant minority do not believe monetisation is important.

Figure 15: How important is the role of monetisation?



The question about the importance and role of monetisation was further discussed during interviews. Interviewees revealed differences in opinion about the value of using monetisation as a measure of social value. For some, monetisation provides a useful quantitative approach to calculating and comparing the magnitude of social benefits. These interviewees believed in the mantra "what gets measured, gets managed" and believe putting financial values on social value will help social value become part of core business performance management, strategy, and accounting.

However, they also noted that monetisation needs to be done well to have validity. One specialist consultancy firm highlighted how social value measurement, including monetisation, is a highly technical area requiring the right skills and techniques to be done accurately. Others argued that monetisation is too abstract and "black box", and it is difficult to interpret the meaning of the financial value. Some interviewees highlighted that one can attain different valuations depending on what social outcomes are accounted for and the assumptions used. It is certainly the case that a multitude of active providers in the marketplace offer monetisation models; these models do, however, differ substantially in terms of scientific rigour.

The UK government guidance, contained in HM Treasury's Green Book, is clear that monetising the value of as wide a range of outcomes as possible is best practice and provides a hierarchy of recommended approaches to valuing outcomes that cannot be directly considered using market prices. One of these methods is subjective well-being valuation, which uses academic-quality statistical analysis to accurately measure the well-being impacts of a policy or investment decision, then uses published academic research on the causal relationship between well-being and income to monetise that impact. The three-stage well-being valuation method, as recommended by the UK government, is designed to account for known biases in the valuation of well-being impacts to ensure the most accurate possible measure of the net social value created or destroyed.[12] Although the methodologies are well established, decision makers need to adequately understand what the assumptions and any methodological limitations are when selecting which social value approach to adopt and how best to interpret the results to inform decisions.

[12] Daniel Fujiwara, A General Method for Valuing Non-Market Goods Using Wellbeing Data: Three Stage Wellbeing Valuation paper, 2013.

Some interviewees suggested it is best to focus on calculating a financial value only when there are true cost savings/monetary value created: for example, the difference in cost to the public purse of community living vs. institutional care, or the payback from energy efficiency measures. This view is, however, at odds with the concept of social value: exchequer and other economic costs and benefits are routinely accounted for in government cost/benefit analysis and firms' planning; social value is a measure of the non-monetary costs and benefits to society, and its monetisation allows it to be included alongside the economic and exchequer values. For example, building a new airport may have short-term exchequer costs and a long-term exchequer benefit and is also likely contribute to a net positive impact on the local economy, all of which is presented in monetary form. A robust social value measure would additionally allow the monetary equivalent impact of changes in air and noise pollution on local residents to be included in the overall business case.

Our view is that monetisation has a role to play in social value measurement and is a useful approach, particularly in the context of cost/benefit analysis. However, we also support the point made by several interviewees that social value creation is by its nature complex and requires a holistic, dynamic, and long-term perspective. Focusing on monetisation could, therefore, narrow the pursuit of social outcome objectives to only those that can be quantified by an economic value. These interviewees preferred a focus on defining and reporting on specific metrics related to real-world changes, such as enhanced well-being or an increase in the number of affordable housing units.

What is the future of social value measurement?

Survey respondents were asked where they considered the future of social value measurement is likely to be in five years. About half of respondents considered that social value measurement would be voluntary but more common, a third thought it would be required and monitored by industry standards, and 13 per cent thought it would be legislated (see figure 16). When asked where they thought it should be, opinions shifted, with the majority stating it should be either required and monitored by industry standards (47 per cent) or legislated and standardised (26 per cent).

Figure 16: What do you think social value practice is likely to be in five years' time?

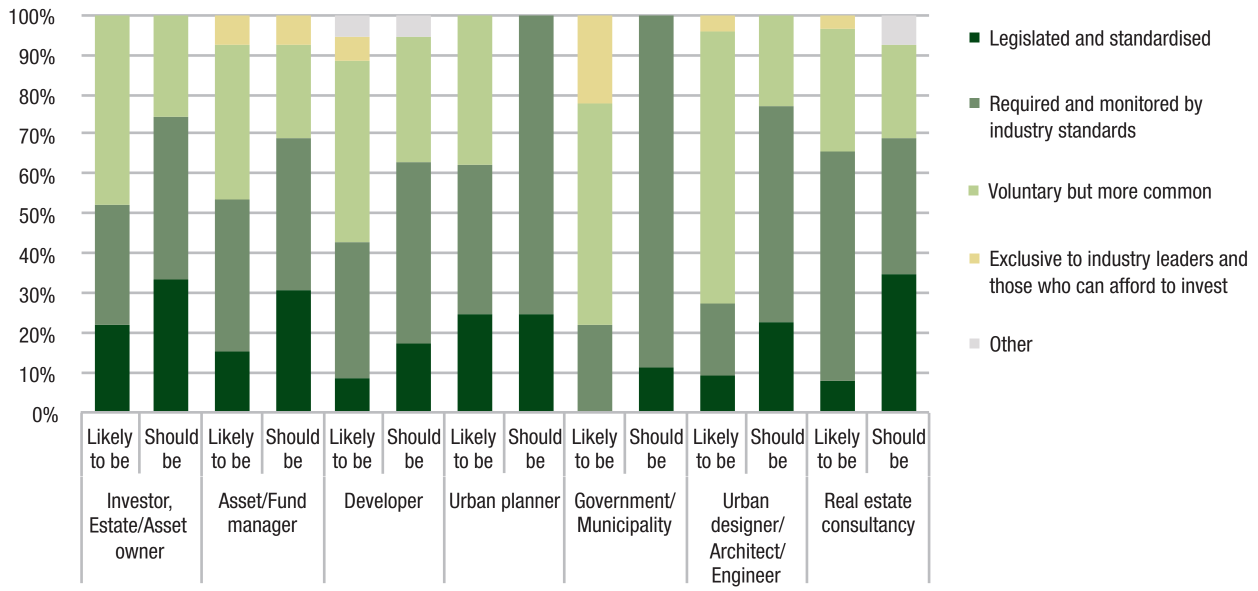


Figure 17: What is the first priority to drive the improvement of social value creation?

What will drive the improvement of social value creation by your organisation?

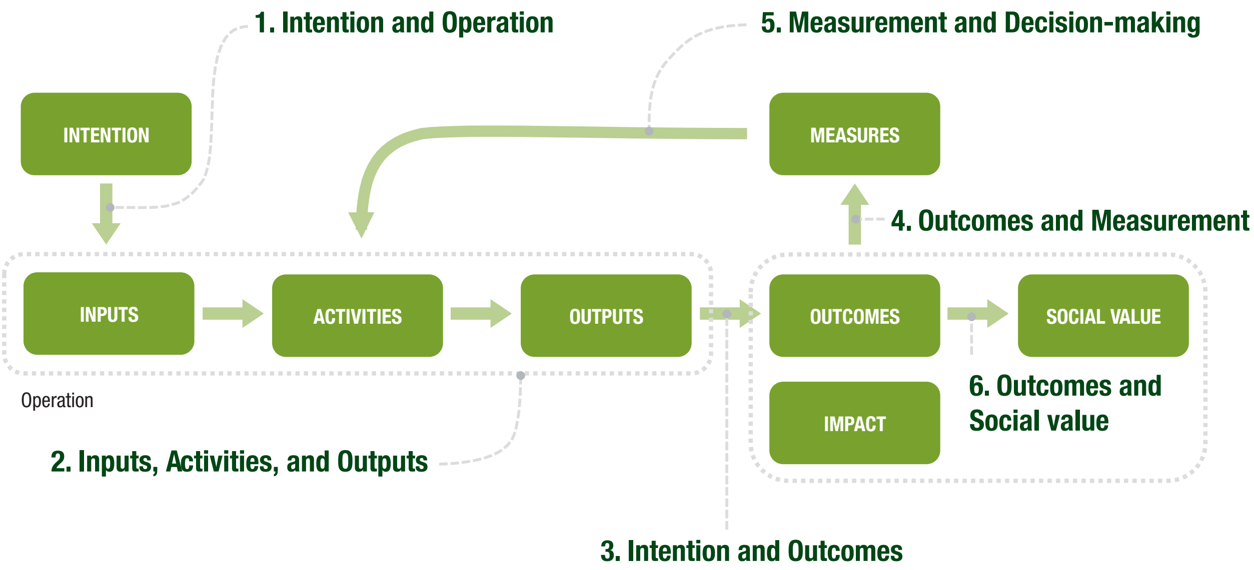
Organisational leadership is regarded as the most important driver of social value creation, with 50 per cent of respondents putting this as their top priority (see figure 17). It was followed by the need for clear definition and advocacy across the industry, more external pressure, and better ability to measure social value outcomes. The need for a better ability to measure social outcomes had the most responses (88) overall as a top-three priority area.

Real estate social value creation – gaps in current practice

The survey and interviews revealed that while many organisations in real estate were willing and trying to contribute to social value creation, various challenges exist to putting intentions into practice, let alone scaling up and bringing the whole industry on board. Social value creation requires an alignment between all players, their intentions, and practice across the value chain and life cycle. Despite increased awareness and genuine appetite for social value creation, gaps exist within organisations' operations, across the real estate value chain, and when going from one stage to the next (e.g., from planning to construction, from development to investment).

These gaps are described below using a theory of change model. A theory of change breaks down the process of social value creation into steps and highlights the relationship between input, activities, outputs, and outcomes (see figure 18). The use of theories of change is commonplace in the public and non-profit sectors, and they are increasingly being used to help define, measure, and report on social value/impact creation within the private sector, including for impact investing strategies.

Figure 18: Theory of change model for social value gap analysis



Gap 1: Intention and operation

- Many organisations are willing and interested in increasing their social value but simply do not know where to start. Changes to operations and ways of working can be seen as a risk and require a rethink at a strategic level.
- Some organisations are waiting for concrete evidence that suggests social value creation improves financial performance before committing to social value creation.
- Investing in social value often costs money (in the short term), and organisations struggle with finding the evidence and data on the eventual value to make a business case.
- Organisations may lack the knowledge and skills that are required to understand how they can contribute to social value creation in practical and affordable ways.
- A siloed working culture is still prevalent in many large organisations. Such a culture hinders strategic approaches to embedding social value creation into business strategy and business models. These silos lead to creating unnecessary trade-offs (e.g., between green and social infrastructure, between education programmes and community space provision) which could potentially have been avoided with a strategic, coordinated approach across different units of an organisation.

Gap 2: Inputs, activities, and outputs

- A lot of data is available for assets and local areas but limited in understanding local needs, human behaviour, and perceptions.
- The main stakeholder groups (e.g., local communities) are rarely included in the early stages of decision-making processes in developing projects.
- There is also a general lack of knowledge of how assets or developments affect the quality of life for tenants, users, and especially the wider community.
- Many local authorities are challenging developers to create maximum social value. This has been a trend for some time but is likely to accelerate given the effects of the pandemic, which created a significant financial burden for most national and city governments around the world. Some authorities have their vision and clear value definition set out, which can be used as guidance for social value creation through a development project.

Gap 3: Intention and outcomes

- Investment in underserved areas or sectors (e.g., health care, social housing) that intentionally contribute to addressing specific social needs and challenges is necessary and important for social value creation.
- However, achieving material impact on places and people requires a broader range of elements to be considered, including the design of buildings and the way they are managed and operated.
- Investors and developers may sell when (re)developments are completed before being able to observe social value created through the use of their developments. There is no mechanism to guarantee that initial intentions are passed onto new buyers. Green leases, which stipulate some conditions for environmental sustainability into a lease, are the closest model.
- Many asset managers outsource day-to-day management of their assets and have little direct contact with tenants and therefore little influence on social value creation through the use of their assets.

Gap 4: Outcomes and measurement

- Companies are coming under increasing public and investor pressure to report on their ESG and impact performance. Companies often focus on immediate, measurable changes such as job creation and apprenticeships or trying to estimate the monetised social value of real estate, potentially resulting in overlooking longer-term, intangible but more important outcomes such as well-being, community cohesion, and prosperity.
- Investors may not have oversight of individual assets, especially when the investment was made indirectly through funds. Asset performance data needs to be aggregated at fund level by asset managers. This requires standardisation, which is a challenge for social aspects as they are by definition locally unique. Many asset managers outsource day-to-day property management so have little direct relationship with tenants and users.
- Gathering standardised asset-level environmental performance data is an easier task than gathering data related to social performance, as the social use value of an asset – and therefore relevant and useful data – will vary by asset type (e.g., retail, residential, office).
- At the individual asset level, data collection related to social issues typically relies on more qualitative data (e.g., from tenant or community surveys). Such data can be subjective and is difficult to collect because of issues around privacy, methodology, resources, and definition. It also raises a question as to whose responsibility it is to collect such data and how such data will be used for decision-making or improving social value.

Gap 5: Measurement and decision-making

- In development projects, decisions are made based on measures on predicted outcomes (modelling) or on outputs that are known to be associated with certain outcomes (proxy). How meaningful such methods are depends on the quality of those measures.

Gap 6: Outcomes and social value

- Financial reporting obligations require annual assessments of asset performance. There is a risk of prioritising short-term outcomes over long-term changes.
- The sum of social impact effort by individual investors does not necessarily amount to the optimum social value in a place. This requires a more value-led, place-based, coordinated approach to optimise cumulative outcomes collectively.

Challenges and opportunities

The stakeholder interviews revealed a number of barriers that need to be addressed to enhance social value creation.

Political, economic, and business culture

Culture was seen as having a large influence on the extent to which social – or civic – value is embedded in decision-making. Generally speaking, continental Europe was seen as having a more socially responsible and stakeholder-driven culture than the United Kingdom (other than Scotland) and the United States. Particularly within the United Kingdom, the centralised political structure hinders a shift toward a more local, place-based, and civic approach that seems more common in continental Europe. On the other hand, the United Kingdom's and the United States' market-led business environment is conducive to innovation and encourages more bottom-up approaches. Many services and tools have been created by a range of organisations and businesses in the United Kingdom to help social value creation through investment and development. There is a true opportunity to share best practice and to learn from different approaches across geographies and cultures.

Fragmentation of ownership and responsibility

Interviewees recognise the gaps in accountability and responsibility for social value creation as an important barrier for the real estate industry.

> "There are unique challenges in real estate because of the fragmentation of ownership and responsibility. The risks and rewards (beneficiaries) are also fragmented."

Interviewees noted that silos between different actors in the real estate value chain lead to a lack of alignment in decision-making and a missing shared-value approach both within development schemes and across the life cycle.

Gaps are also present in perceived responsibilities as well as a lack of trust between the public sector and private developers/real estate investors. Interviewees highlighted that government has a critical role to play in setting policy and standards and in providing the funding to leverage and incentivise private investment that delivers wider social benefits, for example by paying for the costs of brownfield remediation. Many real estate development schemes involve engagement with local government; however, public- and private-sector interests are not always aligned. One interviewee highlighted that *"public/private-sector relationships are often confrontational."* Local authorities might demand a particular ratio of affordable homes or community facilities whilst developers may argue these are not financially viable to deliver.

Such conflicts can be solved by acknowledging shared goals and working towards creative solutions. Some investors and developers start engaging local authorities and other stakeholders at an early stage to do exactly that. One of the interviewees mentioned a large development in Manchester where a developer and local authority created an arrangement that balances social value creation (e.g., social infrastructure and affordable housing provision) and viability (i.e., sufficient return for the developer) from the outset.

Silos and lack of alignment also exist within organisations, including government. For example, while one local government department may be focused on social issues and how to invest more in underserved areas, another department will be looking at land and property development from a commercial, revenue-generating perspective. Without a clear vision developed through meaningful community engagement, authorities may not represent community views, which also contributes to lack of trust between developers and local authorities.

The same applies to private-sector organisations. For example, large investment firms typically have a team investing in real estate, another in infrastructure, and another in private equity, all investing in the same places. To optimise their impact in a specific place, coordination across teams is necessary. Some are aware and starting to create more lateral links within their organisations.

> "At PGGM, we are starting to look at a contribution in the real economy and trying to understand how social infrastructure, hard infrastructure, and operations work together in an urban environment. This requires multiple skills and partnership between various stakeholders, including public-sector organisations and the general public."
>
> **– Head of Responsible Investment, PGGM**

igloo footprint framework

igloo, is a Manchester-based urban regeneration firm. They invest in develop, and manage real estate, and urban development across the United Kingdom. Their work is driven by a single purpose: "do well by doing good, for People, Place & Planet."

They have developed a bespoke framework called igloo footprint® (see figure 19) to ensure all of their decision-making is aligned with this purpose. Footprint® Action Plan asserts their outcome objectives in six dimensions: circular (economy), climate, community, place, well-being, and nature, which correspond to some of the UN's SDGs, including SDG3 (health and well-being), SDG11 (sustainable cities and communities), and SDG12 (responsible consumption and production).

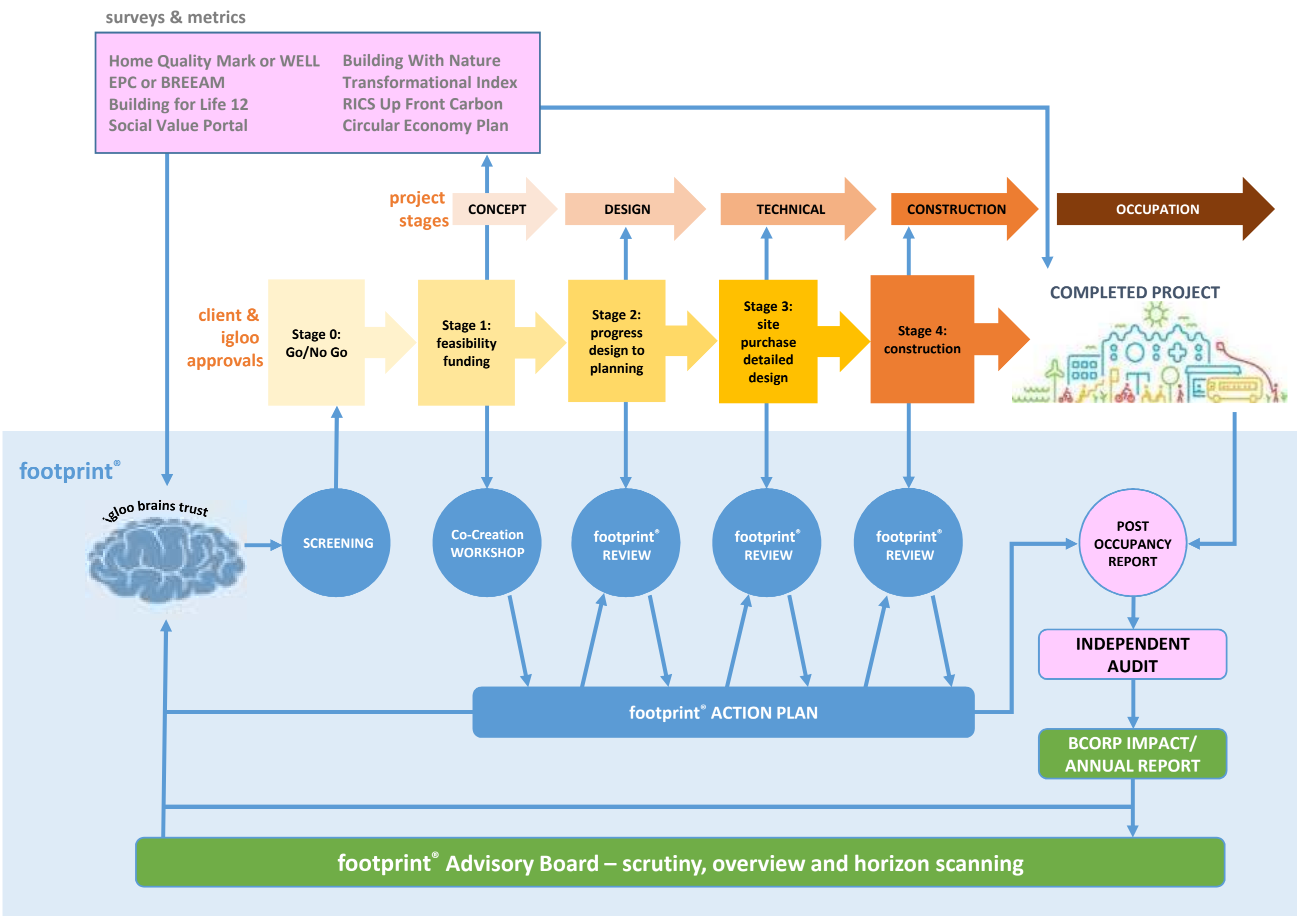
A development project is scored against these six dimensions using local benchmarks at each of the key stages. A wider stakeholder group (e.g., client and consultants) is involved in the assessment so broader perspectives and local knowledge are reflected in the decision-making. Will the project allow them to contribute to their objectives? What are particular opportunities for greater contribution, and what are the risks of negative impact? Could they make meaningful contribution in the local area beyond what others may have done? If answers to some of these questions are "No", projects will be filtered out at the screening stage. Their aim is to balance financial return and social impact.

Their community engagement often starts at the screening stage. For example, for the Malings, part of an urban regeneration area at the periphery of the central area of Newcastle, they learnt about residents' concerns over possible gentrification and challenges in arranging mortgages to purchase houses in the area due to the negative reputation of the area's safety and security. These issues were incorporated into the feasibility study, informed the development brief, and guided their stakeholder engagement throughout the project.

The performance of their work is audited annually by an independent body, URBED, and reported to the footprint® advisory board, which consists of external experts who share igloo's core values. The advisory board receives reports by URBED, which are based on post-occupancy evaluation (POE) reports for individual projects.

Such mechanisms were created primarily for an internal purpose of self-assessment and learning. External benchmarking tools, such as WELL and BREEAM, may be used. However, for igloo the priority is to address local needs in the best possible ways with resources available to them, rather than achieving the highest scores on industry standard measures.

Figure 19: igloo footprint® RoadMap



Source: igloo.

A lack of focus on social value creation is particularly manifest when property ownership changes. As we discuss in Chapter 4, some frameworks promote responsible exits (e.g., IFC's Operating Principles for Impact Management). Driven by their mission to create social impact, some investors and developers do take actions to support social value creation beyond their ownership. An example of a developer, Stories is showcased in Chapter 4 (p.62).

Financial return expectations

Several interviewees highlighted that prioritising social value creation requires redefining value not only in financial terms but also in terms that place value on social and environmental outcomes. Several of the investors interviewed are developing impact investing strategies and products that aim to deliver competitive financial returns alongside creating and reporting on social and environmental impacts. These strategies are new and provide little evidence of the use of long-term social value metrics and how these relate to financial performance and investment decision-making. However, it is an encouraging trend, and the experience of impact investing strategies may influence practices across all investing and help drive better measurement and reporting of social impact, as well as evidence on financial returns (for example, see CBRE Affordable Housing Fund case study on page 45).

A key question for investors is the extent to which financial value creation goes hand-in-hand with social value creation or whether a trade-off occurs between the two. Clearly in some cases tension can arise, for example between providing more affordable rents and reducing rental income, but social value creation can provide a win-win situation.

Many interviewees hold the view that a focus on creating social value can reduce risks and therefore lead to more attractive, long-term risk-adjusted returns. Investors highlighted the importance of focusing on long-term value creation and its attractiveness to local people and businesses which may lead to secure tenancies and more stable long-term income.

Lack of consensus and transparency

Each stakeholder group has different perspectives, incentives, and remit regarding social value creation. There are more than 100 tools, resources, and methods designed to support social value/impact measurement. While this is an encouraging sign of keen interest in social value creation, the proliferation of frameworks and tools can be difficult to navigate and make what constitutes best practice difficult to understand. Chapter 4 is designed to provide a map of these existing resources to help such navigation.

In addition, social value/impact performance remains largely self-reported and is not audited, and a lack of transparency exists on publishing measurement approaches and actual performance.

Outcomes, not outputs

Reporting is focused on a “reporting and disclosure” mindset, which incentivises investors to focus mostly on positive, measurable, standardised metrics that may not tell the full story and, worse, may promote an inaccurate one. Impact measurement and management practitioners have made progress on measuring outputs (products and services) that contribute to incremental change – but not on structural issues (such as inequality or financial practices) that contribute to more transformational, systemic changes.

Collaboration between public and private sectors is imperative to address some of those structural issues and drive systemic changes in the real estate and development industry. Forming a joint venture between public- and private-sector organisations is one of the ways to create a structure that embeds a social value agenda in its business and organisation model. This is discussed further in Chapter 5.

Lack of knowledge and skills

Many real estate organisations do not prioritise social value creation in decision-making. As a result, they also lack people with the knowledge and skills to focus on social issues and how their organisation could embed social value considerations into strategy and operations. This includes the skills to identify and analyse social issues and their relevance to real estate, to engage with local stakeholders (including local government and non-profit organisations), and to develop the right blend of tools and data for managing, measuring, and communicating their social value. Taking a place-based approach requires global real estate investors to find new ways of working with local stakeholders, including small, local, social-sector organisations that may help identify local needs and opportunities. Building quality relationships and networks is key to social value creation.

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ISTOCKPHOTO: RAWPIXEL

4. MAPPING OF SOCIAL VALUE MEASUREMENT FRAMEWORKS AND TOOLS

This chapter is designed to provide practical support for organisations to navigate existing frameworks and tools used to describe, measure, manage, and report on social value.

Over the past few decades, there has been a proliferation of frameworks and tools for measuring and calculating social value. As highlighted in the previous chapters, social value is contextual, unique to a place and time. It requires collaborative action. No one framework or tool can meet the needs and requirements of all stakeholders. Rather, organisations need to take a principles-based approach to embed social value considerations into strategy, operational decisions, performance monitoring, and reporting.

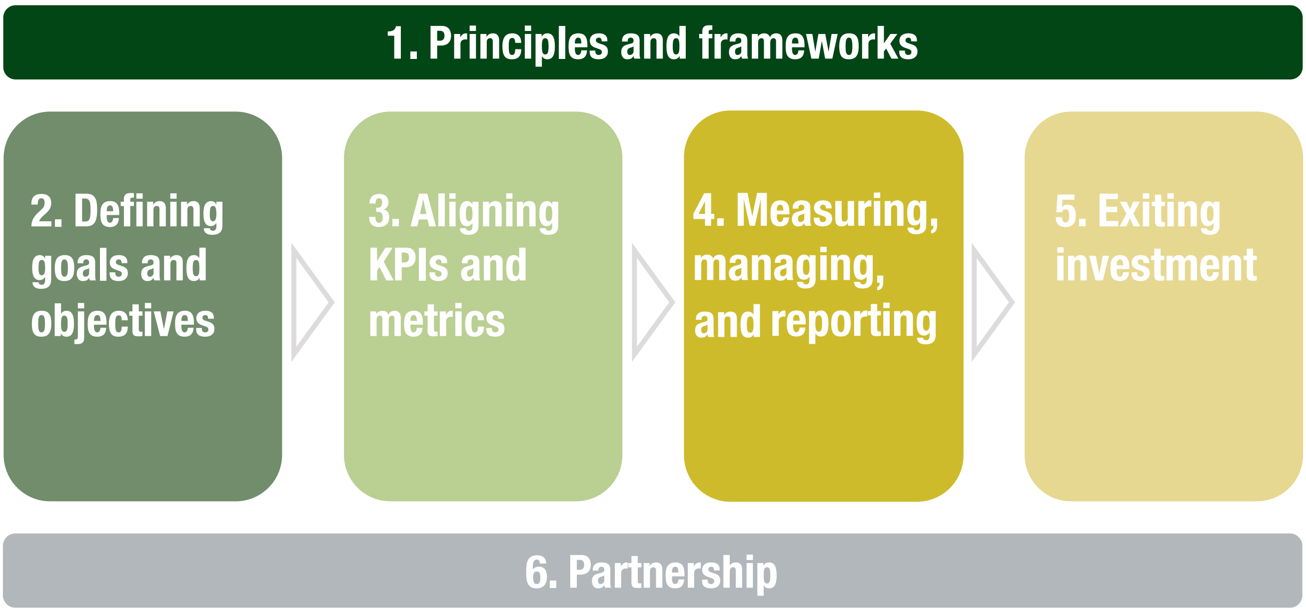
This chapter maps existing frameworks and tools using a decision-making framework and explains how they can help in the following steps:

- Defining clear goals and objectives;
- Selecting relevant Key Performance Indicators (KPIs) and metrics;
- Measuring, managing, and reporting; and
- Exiting investments.

A core factor to be considered throughout is the role of stakeholders and working in partnership.

A more comprehensive list of frameworks and tools is provided in the Appendix.

Figure 20: A decision-making framework for mapping useful social value measurement tools

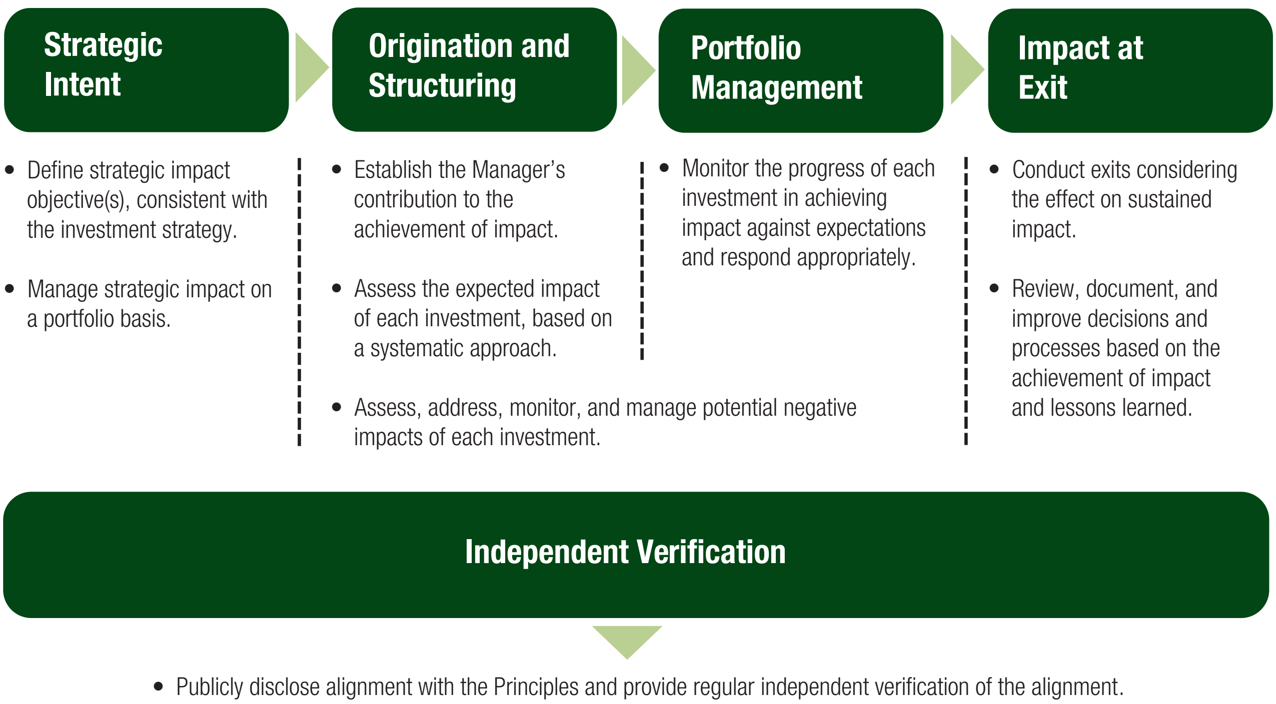


For investors, the UN Principles for Responsible Investing (UNPRI) provide a set of voluntary principles and standards for integrating ESG issues into investment practice. The social issues focused on relate to human rights, working conditions, and modern slavery. Specifically for the real estate sector, the UN Environment Programme Finance Initiative (UNEP FI), a partnership between United Nations Environment and the global financial sector, has published the **UNEP FI Positive Impact Real Estate Investment Framework.** The framework defines four principles requiring a holistic approach: appraisal of both positive and negative impacts; consideration of economy, society, and environment; transparency and assessment of methodologies; and impact achieved.

Social Value UK/International have defined more specific principles that are generally accepted principles for accounting for social value and are relevant to all stakeholders. They have also produced A Guide to Social Return on Investment (SROI). This offers a methodology for defining social outcome objectives and measuring and accounting for social value, based on their seven principles. Many of these principles are also reflected in the guidance on social value in new development of the **UK Green Building Council (UKGBC)**, which is more targeted at the real estate development industry. The Social Return on Investment principles are as follows:

1. **Involve stakeholders** (UKGBC also refers to the need to understand local context).
2. **Understand what changes.**
3. **Value the things that matter.**
4. **Only include what is material.**
5. **Do not over-claim.**
6. **Be transparent.**
7. **Verify the result.**

Figure 21: The IFC's Operating Principles for Impact Management (OPIM)



Source: International Finance Corporation.

In terms of developing an impact investing strategy, the Operating Principles for Impact Management (OPIM) of the International Finance Corporation (IFC) are a useful reference point for investors (see figure 21). These principles define the steps needed to integrate impact considerations into an investment process from defining impact objectives to assessing impact creation, monitoring performance, and considering ongoing sustainable impact creation at exit. They are specific and complementary to the UNPRI. While designed for impact investors, these principles are a useful reference for any investment organisation interested in impact creation regardless of sector, geography, and size. The OPIM currently has 110 signatories, including some ULI members, for example, UBS and AXA. The principles also highlight the importance of independent verification of impact.

The Global Impact Investing Network (GIIN) has developed a management tool, called IRIS+, to help investors develop impact investing strategies, including defining objectives and selecting metrics. This now has over 15,000 investor users representing investment firms from across the investment world, including real estate investors.

The Impact Management Project (IMP) is a useful starting point when considering how to define, measure, and report impact. The IMP developed a common set of norms that can be used to understand and assess impact performance, based on a global consultative process across industries and stakeholder types. This process identified five dimensions of impact, meaning that impact performance can only be fully understood if information is collected on all five dimensions. The dimensions (see figure 22) include collecting data on which outcomes are experienced, whether these outcomes are positive or negative, the stakeholder demographics, and how much change in those outcomes occurred for that stakeholder as a result of the organization. These dimensions also consider the risk that impacts may not occur as expected, recognising that actions often have unintended negative impacts. Investors can use the norms to identify questions and considerations to integrate into screening and due diligence processes. A number of companies (e.g., CBRE GI, PGGM, Nuveen) use this approach as a basis to design and develop their own bespoke impact measurement, management, and reporting approaches (see case study on CBRE GI on page 45). The five dimensions of impact are increasingly being used by impact investors as a common framework for impact assessment.

Figure 22: The IMP Five Dimensions of Impact

Impact dimension	Impact questions each dimension seeks to answer
What	•What outcome is occurring in the period? •Is the outcome positive or negative? •How important is the outcome to the people (or planet) experiencing them?
Who	•Who experiences the outcome? •How underserved are the affected stakeholders in relation to the outcome?
How Much	•How much of the outcome is occurring - across scale, depth and duration?
Contribution	•Would this change likely have happened anyway?
Risk	•What is the risk to people and planet that impact does not occur as expected?

Source: Impact Management Project.

The IMP has also developed "impact classes", which bring together the impact performance (or goals) of assets being invested in and the strategies that investors use to contribute to that impact ("investor contribution"). This classification system is useful in comparing impact goals or performance across different types of assets and portfolios. The classification is composed of three categories for asset-level impact: act to avoid harm, benefit stakeholders, and contribute to solutions (ABC; see below box), together with four categories for the type of contribution an investor makes to that impact.

There are also frameworks developed by real estate bodies which target particular sectors or practitioners. Such guidance is widely available in the United Kingdom; however, they are applicable to broader geographies. Some of these frameworks are below.

- UKGBC published a series of documents on social value in the built-environment industry. This includes **Framework for defining social value, Social value in new development** and **Delivering Social Value: Measurement.** These guides provide a holistic view of how to integrate social value considerations into the development life cycle, including defining social value, common measurement approaches (such as cost/benefit analysis), and useful data sets and tools. They also include case studies describing how different organisations have measured social value and the methods used.
- **Revo's Social Value Framework** for retail property is a tool that owners, investors, local authorities and municipalities, and participants in the retail property community can use to measure and chart their progress on social value.[13] The framework has been divided into "vibrant community" and "local economy" themes, and within these groups identifies priority areas, goals, actions, and outcomes, including guidance on metrics and measurement. It is designed to be applied at individual asset and portfolio levels. Some goals are linked with the SDGs.

Impact Classes

Although not yet widely used within the real estate world, the IMP's "impact class" system is a useful approach to classifying investments at the portfolio level based on the impact (social value creation) of the underlying asset(s) and the contribution the investor makes to that impact. Impact classes help differentiate the type of impact that investments have, even when very different measurement approaches are used. The "ABC" component of the impact classes is determined through analysis of impact data – quantitative, qualitative, and ESG data – of the underlying assets using the **IMP five dimensions of impact**. The approach can be used across all asset classes, including real estate.

The **ABC** portion of impact classes ties into the spectrum of capital (see Chapter 2) as they both look at the impact performance (or goals) of an underlying asset, which can be categorised as "**A**cting to Avoid Harm", "**B**enefitting Stakeholders", or "**C**ontributing to Solutions". The majority of real estate assets are likely to be classed as A or B, that is, they reduce negative impacts on underserved stakeholders (people, planet, or both) or produce positive impacts for stakeholders that are not necessarily underserved. Class C investments would apply to those assets which directly benefit an underserved population or community, such as investing in affordable housing for those on low incomes or people with limited access. The classification of the underlying asset is combined with a classification of the contribution the investor makes to that impact, depending on how active or passive an investor is and the extent to which capital is being provided to markets that lack access to capital (the IMP defines four investor contribution strategies that can be used across six combinations).

[13] Revo is a UK trade body for people and organisations involved in retail property and place-making.

- **RIBA Sustainable Outcomes Guide** sets out eight sustainability outcomes, aligned to the SDGs, including two social areas – health and well-being, and sustainable communities and social value. This guide also includes metrics and guidance on measurement.
- **The Value Toolkit by Construction Innovation Hub**[14] was designed to drive better economic, social, and environmental outcomes through the practice of value-based decision-making in construction. It was developed through a collaborative industry-wide initiative. The tool aims to support better decision-making throughout the whole investment life cycle from business case through procurement and delivery, and operation, improving overall sector performance consistent with key policy objectives such as driving modern methods of construction (MMC), delivering social impact, and accelerating the path towards net-zero carbon. It uses a four-capitals approach (natural, social, human, and produced). This is useful for investors and developers as clients of development projects.

CBRE GI UK Affordable Housing Fund

CBRE GI UK Affordable Housing Fund (CBRE GI UK AHF) is an unlisted open-ended core fund and one of the first real estate investment strategies to focus on social impact investing at scale. CBRE GI UK AHF was launched in December 2018 with a successful initial capital raise of about £250 million from a range of global clients, including pension funds and insurance companies. CBRE GI's aim was to respond to rising demand from institutional investors for attractive risk-adjusted returns while contributing to positive social impact.

The fund is designed to invest in affordable housing assets across the United Kingdom, delivering high social impact along with strong ESG credentials. The fund seeks to provide housing to those most in need by bringing much needed equity to the UK housing sector through supporting delivery of additional housing across multiple rented tenures, including social and affordable, and accelerating delivery of stock in "partial ownership". Fund strategy is designed to generate stable and long-term income targeting to meet real return requirements from investing in such tenures.

The fund developed a proprietary social impact framework with The Good Economy (TGE) which complements a comprehensive ESG strategy. Impact objectives focus on concepts of social need, affordability, sustainable development, quality of services, and additionality.

TGE advised to build a system based on emerging international standards, including the Impact Management Project (IMP), underpinned by a Theory of Change. With TGE an Impact Measurement and Management System was created to help assess impact during the investment process and during the ownership of assets including screening of investments and integration of impact considerations into every step of the investment process. Three years since the development of the framework, the approach has been more widely shared. The approach aligns with the IFC's Operating Principles for Impact Management launched in April 2019.

All investments are subject to independent due diligence against the impact objectives to assess whether they are suitable for the fund from an impact perspective. CBRE GI publishes the results in an Annual Impact Report for the benefit of its investors in order to provide transparency and accountability regarding the fund's impact performance. The impact performance is independently assessed and verified by TGE. Since launch, performance in relation to the fund's social impact metrics and targets has progressed significantly, including increased additionality for the sector and a larger proportion of forward funding of new developments.

The fund is on course to deliver more than 2,000 affordable homes in partnership with a range of Registered Providers, who see the equity provided by the fund as a key source of capital to develop and manage their portfolio of assets and continue to service their tenant base.

[14] The Construction Innovation Hub brings together world-class expertise from the BRE, the Manufacturing Technology Centre (MTC), and the Centre for Digital Built Britain (CDBB) to transform the UK construction industry.

2. Defining goals and objectives

Defining objectives is one of the most important steps in social value creation. This is often called "intentionality" in the world of impact investing. As a Japanese proverb goes, "Vision without action is a daydream; action without vision is a nightmare." It is important that social objectives are clear and align the organisation's needs and aspirations (e.g., financial return) with those of stakeholders.

There are frameworks and tools that provide holistic perspectives to help define objectives along with corresponding KPIs and metrics. Some of these are useful in framing social outcome objectives while others can help better understand local context and social needs to define specific social objectives.

Framing social outcome objectives

As mentioned, the **SDGs** provide high-level, global outcome objectives. Making reference to these goals is a useful way to help define the potential development contribution of real estate projects. While this is useful as an umbrella framework, the **OECD Well-being Framework** is more focused on social elements, providing 11 dimensions to measure social progress along with economic performance taking a well-being lens (see Chapter 2).

None of these objectives needs to be applied in full. However, having a rounded set of objectives rather than being selective and narrowly focused helps.

Understanding local context and social needs

Real estate is a business of people and places. A place-based lens to social value/impact measurement is essential. What improves quality of life and well-being and how to deliver that will look very different depending on the local context. How to define and deliver social value will depend on the type of asset, the stage of the asset life cycle, the priorities of the local authority or municipality, the delivery partners' capabilities and values, and most important, the needs of relevant stakeholders.

Understanding and referring to **regional and local development plans** can be a good starting point to understand local needs and priorities. Countries and municipalities have different ways of organising their policies and plans. Typically, national and regional plans are higher level and visionary whereas local plans are more detailed and include specific priorities and action plans relevant to real estate. Some cities and places are coming together in collaborative ways to develop plans for more inclusive and sustainable living – for example, the Amsterdam City Doughnut is the city's action plan to become a thriving sustainable city, using Kate Raworth's Doughnut Economics model. The extent to which local government and local plans are aligned with delivering social value will differ by country, region, and local authority or municipality area.

For social objectives to be relevant and meaningful, they should be developed based on an understanding of local needs, aspirations, and priorities of stakeholders involved and market trends in the wider context. Real estate investors and consultants often use both quantitative and qualitative methods to gain such an understanding.

In development projects, **stakeholder engagement** is often required as part of the planning process but does not always happen at the early stage of projects. Engaging local stakeholders early not only helps build understanding of their needs but also creates opportunities for co-creation and working in partnership. For example, Estabona, a Madrid-based real estate investor specialised in retail and leisure, starts engaging local stakeholders from the outset. Through a series of stakeholder engagement events, they first identify three social issues in the local area and try to find matching local resources to address them. They created a training space in a shopping centre in a mid-scale town in Spain where a local NGO provides employment training for disabled adults.

Some real estate investors and asset owners look to contract local businesses in development and property management, including social enterprises that offer job opportunities to disadvantaged individuals. Considering how to enhance social value creation through the supply chain and procurement spend is an area in need of greater attention. In the United Kingdom, the Public Services (Social Value) Act 2012 has helped government incorporate social value considerations into procurement decisions.

Cultural infrastructure and art can support community engagement as well as attract visitors and act as a driver of social and economic value creation. ULI's report[15] *Including Culture in Development* summarises how culture can be incorporated in development for social value enhancement and place-making.

One of the challenges in setting social outcome objectives is to be **fair and inclusive** as there can be conflicts and different perspectives depending on the needs and priorities of different social groups. A report by Transport for All[16] highlights some negative impacts of low traffic neighbourhood schemes (e.g., limiting traffic speed to 20 miles per hour in a designated zone), which were rapidly rolled out across London. While acknowledging many positive elements, the report recognises the schemes had negative impacts for mobility impaired people. The report calls for inclusive stakeholder engagement in planning. Balancing potentially conflicting needs and aspirations inevitably involves judgement and should be based on a holistic understanding of differing stakeholder perspectives.

Digital tools for supporting stakeholder engagement

Commonplace, Participatr, Built-ID, and Placescore are online engagement platforms often used in development projects. The use of these platforms helps broaden the demographic of participants in stakeholder engagement processes by engaging younger people. They complement more traditional methods of engagement such as public consultations or letters, which may be preferred by older generations. Other digital technologies such as VR, AR, and 3D modelling are used to support effective engagement by removing the barriers of technical documents.

[15] ULI Urban Art Forum Guide 2019.
[16] Transport for All, Pave the Way 2021.

Some **local data platforms,** such as Neighbourlytics and Archistar, provide municipalities and real estate firms with a set of data and indicators that are useful for understanding local needs and market trends. Use of these types of data platform makes it easier to bring contextual understanding into decision-making without spending a huge amount of time and money in collecting data through direct stakeholder engagement. In North America, Walk Score, Bike Score, and Transit Score are widely used by real estate professionals. Another example is a London Urban Health Index developed by neuroscientists at Centric Lab. It indicates how "healthy" an area (ward level) generally is based on the level of stressors present in each area. It combines various factors including environmental (e.g., noise, air, light, thermal) and psychological (e.g., deprivation), using open data.

Large investment firms, such as Credit Suisse, APG, and PGGM, tend to use their **own databases** that include socioeconomic factors such as demographics and consumption patterns. Although they are not sufficient to understand the needs that are specific to individual assets in detail, they provide insight into lifestyles and behavioural preferences at a macro level (e.g., a city, country, or region) that relate to social value.

All these data-driven approaches largely rely on access to high-quality data. In Europe, Eurostat provides a broad range of data from demographics and household spending to land use and economic activity. Many cities, including Barcelona and London, make more detailed data available through their open data platforms. These data platforms give opportunities for real estate investment firms and consultants to analyse local needs and trends in relation to their areas of interest.

3. Aligning KPIs and metrics

Once objectives are set, selecting relevant KPIs and metrics helps align decision-making with those output and outcome objectives. KPIs and metrics should form an information bridge between "decisions" (what you can control) and "outcomes" (ultimate goals). Reflecting the difference in the types of decisions made, below we discuss tools for **developments** and those for **existing assets** separately.

The real estate industry is seeking a standardised method of measuring social value. However, because no two developments are the same, prescribing metrics would create a high probability of underestimating or overestimating value and ultimately would not be useful. There is also a real challenge with developing metrics that work at both portfolio and asset levels. While standardising certain principles (see above) and approaches makes sense, actual outcomes and metrics may best be defined in relation to a specific scheme considering its specific context. However, investors can define basic common metrics to report at the portfolio level, such as number of housing units by tenure type.

The frameworks and tools introduced here do not have to be used as a whole. Instead, they can be used as a reference source for identifying relevant KPIs and metrics. It is better to select fewer KPIs that are meaningful and practical to measure than compile a long list of metrics.

That said, within sectors such as affordable housing, it has proved possible to develop reporting standards that allow common, consistent, transparent ESG and impact performance reporting. The Sustainability Reporting Standard for Social Housing developed in the United Kingdom is an example of a reporting standard that was developed by practitioners from the social housing and financial sectors and is now being widely adopted.

Development

In development projects, the main outputs are the physical buildings. Although actual outcomes through the use of buildings cannot be measured at this stage, decisions about the location, land use mix, connectivity, amenity provision, and affordability will significantly affect the potential for social value creation. Four types of tools can help align those decisions with outcome objectives.

City indices

Some city indices provide KPIs and metrics on social and economic performance of places. For example, UN Habitat has developed the **City Prosperity Index. OECD's well-being report, "How's Life?",** offers a set of 80 indicators that measure well-being and inequalities at city level.

In the Netherlands, the RIVM (National Institute for Health and Environment) has done research into what constitutes a healthy city, and Arcadis has recently published a report, "The healthy city index", applying this research to the 20 biggest cities in the Netherlands. The **Thriving Places Index** has been developed by the Centre for Thriving Places (formerly Happy City) based on academic research.[17] The index identifies the local conditions for well-being, such as housing, education, employment, and social cohesion, and measures whether those conditions are being delivered fairly and sustainably. Currently the data is available for England and Wales. Such data can help inform an understanding of local needs and priorities and what type of real estate development could provide a positive contribution to supporting local socioeconomic development.

Design guides

KPIs provided in some design guides measure outputs (e.g., design features) that are known to contribute to outcomes. These KPIs are useful in guiding design development and appraising design options based on their relevance to the outcome objectives. For example, **Public Health England's Spatial Planning for Health** guidance provides a list of planning principles for homes and neighbourhoods that can contribute to a range of health and well-being outcomes.

For urban design, **Value of Urban Design by CABE** introduces an Urban Design Analysis Tool and discusses how good urban design relates to social, economic, and environmental value. **Project for Public Spaces** proposes a range of KPIs and metrics to design successful public spaces.

For individual buildings, **RIBA Sustainable Outcomes Guide,** mentioned earlier, provides design principles for buildings and some metrics for sustainable outcomes including well-being, sustainable community, and social value. The Gensler Research Institute has developed the **Gensler Experience Index℠** based on several years of research effort to identify and quantify the design factors that affect human experience. Its framework identifies design features that help enhance the quality of human experience in various types of buildings.

Building certifications

Sustainability certifications, such as **BREEAM** and **LEED**, are used in the planning and design phase, as well as post completion. These assessments focus predominantly on environmental aspects but also include some high-level social and economic criteria.

WELL standards focus specifically on well-being and are often used along with BREEAM or LEED. WELL assessment measures environmental performance, such as air quality and light, and its impact on well-being as a proxy for the actual well-being of individuals. However, WELL is in the process of further developing impact metrics.

Bespoke frameworks

Some investors and developers create their own bespoke framework. **NREP**, a real estate investor/developer, has developed a set of KPIs and metrics to guide design development for its UN17 Village. The framework will also be used to monitor performance once the development is in operation (see case study on page 50).

Milan-based real estate firm **COIMA** also developed its own ESG framework to guide development projects, based on its learning from previous experience at Porta Nuova (see case study on p.51).

[17] See National Institute for Public Health and the Environment, Healthy City/Gezonde Stad 2016.

NREP UN17 Village, Copenhagen, Denmark

NREP is developing UN17 Village, a 35,000-square-metre eco-village providing 400 new homes in a district south of Copenhagen's urban area. The project aims to address all of the UN's SDGs with particular focus on using sustainable resources and creating healthy, social communities. Architecture studios Lendager Group and Årstiderne Arkitekter won the competition to design the UN17 Village.

The outcome objectives are linked to both sustainability and reducing inequality. The design comprises housing built from recycled concrete and wood and powered by sustainable energy sources. There will be a mix of family dwellings, co-living spaces, and senior accommodation, as well as communal spaces for both residents and local people, including greenhouses and food-sharing facilities. Lendager said the aim was to reduce inequality by creating "a diverse and strong neighbourhood, where people can live regardless of family structure and age."

Outcome objectives were identified based on local needs, guided by the SDGs. Thanks to their rich experience working in the area and engaging local communities on a regular basis, the company already had not only a good level of local knowledge but also relationships with local communities. That spared them the need for additional surveys.

Instead, NREP's project team has carried out extensive research to develop KPIs and metrics that will help align all decision-making with their outcome objectives. The research included detailed studies, for example, on architectural design features that would create a welcoming feel. Those KPIs and metrics will be used throughout the project to ensure there are synergies between them and to seek integrated solutions from 360-degree perspectives. They also plan to keep monitoring social and health-related outcomes, working with a health clinic on site, for example, along with environmental performance once the development is occupied and operational.

Such research may be seen as an upfront cost that can be avoided by many developers. NREP, however, considers that it is a worthwhile investment. First, the firm is driven by its mission to support the SDGs. Second, the cost of such resources is much smaller compared to the cost of development materials, and the basic economics still stack up. Third, the research outcomes can be reused in future projects.

Finally, the earlier you integrate social value and sustainability principles within development strategies, the more cost efficient a project is overall. Mitigating risks at a later stage tends to cost more than earlier interventions.

The project is currently ongoing and is due to be completed in 2024.

Source: UN 17 Village. Copyright: NREPa later stage te

Porta Nuova, Milan, Italy

The Porta Nuova regeneration project has become widely known as one of the largest urban transformation projects in Europe in recent years. The development was completed in 2014. It includes office, retail, residential (including affordable housing), civic and cultural uses, and park and open space. It won the MIPIM Best Urban Regeneration Project Award in 2018. ULI has published a case study that details project information including history, project teams, and development finance.

Reviewing the project through the lens of social value, we see the project was underpinned by the principle of "humanism" from visioning and design development to delivery and management. Outcome objectives for the development project were set on the basis of extensive community engagement, discussion with the municipality, and the team's aspiration for the area to be the driver of economic growth and social prosperity for the city of Milan and even the wider region of Lombardy. One of the key objectives of the project was to create physical and social links between disconnected neighbourhoods in the surrounding areas through the site. A large open space was created on the podium to allow the continuity of the pedestrian network, which involved one of the largest urban excavations in Europe at that time. This enabled the development to increase pedestrian areas by 65 per cent, green areas by 40 per cent, and cycling paths by 70 per cent in the entire neighbourhood.

COIMA, which was involved in the development as part of Hines Italia, is now in charge of asset management of the whole project. They ensure that the development achieves its objective of socially connecting the surrounding communities through active asset management and place-making. The company organises various events hosted in the open space on a regular basis to ensure the development remains relevant and attractive. This role has recently been formalised through an agreement with the municipality to become an active manager of public open spaces in the area, in addition to open spaces within Porta Nuova development, and deliver cultural programmes.

The asset management strategy is informed by various performance data COIMA collected. The data currently collected include footfall, occupancy rates (offices and retail), tenant satisfaction rate, and environmental (air quality, temperatures) and crime data. It also monitors some data by engaging park users and tenants to understand how the regeneration of Porta Nuova affected the surrounding communities. During the COVID-19 pandemic in 2020, such engagement was particularly intense in an effort to understand and respond to the community's needs.

Since the Porta Nuova project, COIMA has advanced its understanding on sustainability to include a broader scope for social value creation. The principles of impact investing – intentionality, measurability, and additionality – have been embedded in the development strategy for Porta Romana, the Olympic village for the Milano-Cortina Winter Olympics in 2026, from day one. The company uses a bespoke ESG rating system to assess the benchmark (i.e., existing site conditions) in terms of the environmental and social and economic contribution to society. A set of objectives and measurable KPIs will be set with the aim of improving some of those elements. The team plans to measure actual performance for the KPIs and disclose the data to the public for transparency.

Bird's eye-view of Porta Nuova. Copyright: COIMA

To truly understand assets' contribution to social value, the quality of human experience in and around the assets needs to be captured. An endeavour to meaningfully evaluate the quality of human experience requires rigour, which is often brought by partnership with academia, use of big data, or both. For example, a research team led by the University of Manchester and an engineering and consultancy firm, Buro Happold, is trying to capture the impact of a large regeneration scheme known as Brent Cross Town on individual and community well-being (see case study on the next page).

Existing assets

When investing in existing assets, investors can collect data and measure the actual performance of their assets. What to measure is often influenced by what organisations are required to report. Some investors are, however, trying to go beyond industry standards and are more interested in measuring actual impact, including the profile and activities of tenants and users.

GRESB is a global ESG benchmark for real assets. It offers an evaluation framework for real estate and infrastructure at the portfolio level in the areas of environment, social impact, and governance. Social elements are currently under-represented compared to environmental elements and remain high level, assessing organisations' intentions (i.e., policies) to take social aspects into consideration.

Impact or social value databases, such as the metrics available in Global Impact Investing Network (GIIN's) IRIS+ Navigating Impact Project and the Global Value Exchange, help investors find useful metrics under specific themes. They are not specifically targeted at real estate, but some metrics, such as those on "affordable quality housing" in IRIS+, are useful. The Business for Societal Impact (B4SI) framework also offers frameworks and metrics for measuring social impact.

Credit Suisse has developed its own asset rating system, **"greenproperty"**, which has been applied to its assets in Switzerland. The system works for both development projects and existing assets. It assesses ecological, economic, and social sustainability based on over 35 criteria across five aspects of sustainability (e.g., utilisation, infrastructure, energy, materials, and life cycle).

Brent Cross Town, London, UK

Brent Cross Town is a large regeneration project in northwest London, led by a joint venture between Barnet Council and Argent Related. Argent Related is a company formed in 2015 between Argent, which has been leading the King's Cross regeneration, and Related, which is the largest private real estate company in the United States. The project is branded as a park town, aiming to deliver 50 acres of green space and playing fields along with 6,700 new homes, 3 million square feet of office space, student accommodation, and other amenities. It is adjacent to a new railway station that will connect the development with central London in 12 minutes when it opens in 2022. The total cost of the project is estimated at £5 billion, including a £148 million Homes England loan (Home Building Fund) to fund the necessary infrastructure.

Any local authorities naturally have an interest in the long-term social value creation in their areas, but not all of them are as proactive as Barnet Council in defining and delivering what is good for their communities in the long term. Their interest and aspiration to create genuine, meaningful value are shared by Argent Related, who has been convinced that social value creation is not only morally desirable but also a commercial necessity. They have been using existing tools, such as National TOMs and SROI, to measure and report on social value but were aware of their limitations. The **Flourishing Index**, which is currently being developed by a research team led by Manchester University and Buro Happold, is an attempt to reflect human experience in all sorts of decision-making from investment and design development to management.

The index is designed to look at neighbourhood-level social flourishing (e.g., safety, trust, participation, celebration), as well as at individual-level health (e.g., loneliness), using both self-reported well-being and some observation data for behaviours and environmental exposure (e.g., air pollution, noise) using some sensors. The team is currently collecting baseline data before the major construction starts on site. The team is hoping to collect data on 1,000 local population and 300 to 400 visitors, primarily focusing on the area within 10-minute cycling distances from Brent Cross Town. The current funding covers only the index development and baseline data collection, but the research team is hoping to get more funding for ongoing monitoring beyond completion.

These metrics will be used to inform a range of decisions that the project team has to make. The baseline data is already useful for developing ideas around community intervention and interim uses. Later it will also be used for the design development and the planning process. Usually investment and design decisions are made based on predicted or proxy measures of performance; however, because this project will take 10 to 20 years, the actual

Visualisation of Claremont Park. Copyright: Cityscape Digital performance data can be used to inform investment and design of later phases in the future.

One of the reasons why social aspects are under-represented in performance evaluations is because social elements are difficult to objectively evaluate although they are as important or even more important than some of the measurable outcomes. The Flourishing Index is one of the attempts to measure intangible outcomes that have been considered difficult to measure but are deeply meaningful to our quality of life. This work is also a good example of cross-sector partnership between a university, local authority, and the private sector.

All of the company's assets are assessed using this methodology on an annual basis by an independent auditor, KPMG. Although such assessment may seem laborious and costly, the company considers that the efficiency gains of using this tool outweigh the cost.

Measuring the actual sustainability performance of buildings is becoming imperative for asset managers as more investors demand non-financial performance data because of regulatory pressure on climate-related disclosure. It also helps qualify "sustainability" or "social impact" investment products and informs investment strategy. For example, Netherlands-based global institutional investors PGGM and APG joined forces with other global investors to create a data platform. It hosts data on over 8,000 listed companies worldwide and assesses their contributions to the SDGs (see case study on the next page).

Many frameworks and tools aim to quantify social value, often using economic value as a common unit. **Social Value Bank by HACT** (developed in partnership with Simetrica-Jacobs to meet government-approved guidelines) and **National TOMs by Social Value Portal** are widely used in the United Kingdom, including by the real estate and construction sectors. The TOMS framework has made social value evaluation easier and simpler by standardising metrics against five outcome areas and providing a tool to monetise social value, often referred to as the Social Return on Investment (SROI). In Europe, a social enterprise, True Price, assesses environmental and social impact using monetary value. Stakeholder interviews revealed divergent views on the added value of monetisation (see Chapter 3).

Monetised metrics can be useful for developers to quantify and communicate the social value contribution of a scheme with stakeholders, including a planning authority. Asset managers can also quantify their contribution to social value creation to include in annual reports.

Sustainable Development Investments Asset Owner Platform (SDI AOP)

The SDI AOP has been developed by a consortium of global asset owners including APG, AustralianSuper, British Columbia Investment Management Corporation (BCI) and PGGM, working with artificial intelligence expert ENTIS. These companies may be competitors over individual assets, but they are all united under a common goal – namely, sustainability. The collaboration amongst peers across different geographies enabled them to have multi-faceted discussions beyond context and regulations in Europe or a specific country and broadened their perspectives on sustainable investment. The platform currently holds data on listed equities covering about 8,000 companies worldwide, assessing their contribution to all 17 SDGs consistently. They plan to increase to 10,000 companies and develop further metrics that better reflect actual outcomes.

PGGM currently manages approximately €30 billion worth of real estate. With such a large portfolio, keeping track of asset performance is a challenge. They use the data from the SDI AOP to inform their investment management strategy, identifying stranded assets or assets in need of intervention to improve their performance. In a rapidly changing world, a systematic, large-scale data collection tool like SDI AOP can play a vital role in helping understand market trends and keeping assets relevant to future needs.

At PGGM, non-financial performance is regarded as "not-yet-financial". They have seen sufficient empirical evidence that responsible investment does not cost more. On the contrary, in 10 or 20 years, it will become financially relevant. Assets that are underperforming in terms of non-financial measures are considered high risk, for example because of difficulty in finding tenants. Therefore, it is important to track non-financial performance of assets and spot risks and opportunities early. Early identification would allow effective intervention to improve performance, responding to the needs of tenants better.

However, focusing on monetisation could limit social outcome objectives to what existing evidence allows an estimate of monetary value to be made for. Local needs and aspirations have to come first in the definition of social outcome objectives, before choosing a framework and metrics to measure. Some social value consultants and specialists in monetisation, such as Simetrica-Jacobs and RealWorth, start their work with understanding local needs through data collection and stakeholder engagement. The definition of outcomes and method of social value calculation will be tailored to the project objectives, scope, and data availability.

Euston Area, London, UK

The Euston area in the London borough of Camden is undergoing an urban transformation. The arrival of the High Speed 2 (HS2) terminus brings with it a once-in-a-generation opportunity to transform the area into a welcoming and thriving place, not just for passengers but for residents, the community, and visitors alike. The new HS2 station, together with the redevelopment of the existing station and underground and surface transport improvements, will create a transport super hub, with unrivalled public transport connectivity and place-making potential. By contrast to its adjacent neighbour King's Cross, which has undergone significant regeneration over the past decade, Euston currently suffers from severance by railway infrastructure and poor-quality public realm.

Simetrica-Jacobs, a consultancy specialised in social impact measurement, is supporting Lendlease, the government's master development partner, in developing a master plan for the area. Using publicly available data (e.g., deprivation, education, health, and diversity), Simetrica-Jacobs worked with Lendlease to develop a socioeconomic baseline for the area, benchmarking against the London or national average. Lendlease has used this baseline to inform its vision for the Euston area, setting out objectives for the project that reflect local needs and Camden's priorities.

For example, the study identified that English was not the first language for a high proportion of local residents. This has led the Lendlease team to consider how their engagement, consultation, and design strategies can be tailored to the needs of the local community, asking questions such as how they can create a truly inclusive development for such diverse communities.

For Lendlease, maximising the creation of social value is an integral component of building thriving communities. Social value measurement is one of the tools that Lendlease uses across all programme stages to help inform place and programme design to best address local priorities and opportunities. Social value measurement enables Lendlease to quantify potential benefits and, through engagement with local communities and other stakeholders, optimise outcomes for projects, for the environment, and for local communities.

Coal Drops Yard at dusk, King's Cross Copyright: John Sturrock

4. Measuring, managing, and reporting

Measuring and active management are crucial if we as an industry want to make social value practice more commonplace and raise standards of social value creation. Only by measuring outputs and outcomes over time and learning lessons, can we begin to discuss our responsibility and accountability – as well as solutions.

Today monitoring of non-financial performance is at a nascent stage. Measuring and reporting on social performance lags that of environmental performance. This situation is understandable given it is easier to have common environmental metrics across asset types, whereas social dimensions will vary by scheme. As well as defining social outcomes, collecting relevant data can be challenging because it is more intrusive than measuring air quality or temperature, particularly given the need to gather information from tenants, users, and local communities.

Furthermore, when assessing and reporting on social impact creation, mixed-method approaches that combine quantitative and qualitative data are typically most effective and meaningful in terms of understanding real-world results and experience. They include stakeholder interviews and capturing user voice and experience through tools such as surveys.

There is also a question of continuity in measuring, particularly with development projects. KPIs and metrics used during the development phase may not be used to measure actual performance in the operational phase. Post-occupancy evaluation (POE) is neither mandatory nor common practice yet, especially for social elements.

Another question is the need for independent audit or verification of results. In the impact investing world, market demands are increasing for independent assessments or audits of both process (for example, assessing the policies and procedures in place that demonstrate meeting the OPIM standards) and impact results.

Ultimately reporting must be credible, based on a clear evidence-based methodology and used to make an actual contribution to improving social and environmental outcomes of real estate.

5. Exiting investment and stewardship

Responsible exit is identified as one of nine principles in the IFC's Operating Principles for Impact Management. Principle 7 states: *"Conduct exits considering the effect on sustained impact. When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact."* [18]

This topic is of most relevance to investors who are investing in development and then seek to exit to realise a financial return. As the way social value is created is unique to its place- and time-specific context and tied to who is leading the creation, there is more than one way to create social value through the same asset. And for the same reason, keeping the asset as it is does not necessarily means the continuation of social value creation. For example, while investment in a regeneration project may create a lot of social value, once the regeneration is underway, the local needs change and so does the risk of negative impact.

Ultimately, what is important is a sense of long-term stewardship recognising that investors and asset owners have a social responsibility. Argent Related, who led the development of King's Cross project, is involved in ongoing social value creation through asset management (see case study on next page).

[18] The Global Impact Investing Network (GIIN) report "Lasting Impact: The Need for Responsible Exits" 2018 provides guidance on this topic from an investor perspective.

King's Cross, London, UK

King's Cross development, one of the largest regeneration projects in London, started in 2001 with Argent as the development partner. The scheme's positive impact is widely known and praised in the real estate and development sector. With inclusivity as one of the design principles, the team delivered generous public spaces, and 1,200 sustained employment opportunities were created through King's Cross Recruit. Nonetheless, the development also invited some criticism. Some of the local population felt excluded by the luxury housing and upmarket retail and food and drink on offer.

Some of those elements might be built into the development. However, interventions can be made to compensate, especially when the developer retains its stake in the development as the asset manager. Through this role, Argent (on behalf of the King's Cross Partnership) is now working on some cultural and education programmes to engage a broad range of demographic groups.

Lessons learnt from this experience at King's Cross are reflected in the way the firm approached Brent Cross Town (see case study page 53–54). Their current project integrates social value in the project from the outset.

Granary Square, King's Cross. Copyright: John Sturrock

6. Partnership: working across sectors to achieve greater outcomes

Working in partnership underpins social value creation. We can see this across a range of public/private partnership arrangements. For example, Brent Cross Town regeneration (see case study on page 54) is being delivered through a joint venture between the London borough of Barnet and Argent Related. Barnet Council encouraged Argent Related to be innovative and creative in developing social value for the local area.

In Porta Nuova (see case study on p.51), the developer worked closely with the city of Milan to align its objectives with the city's aspirations. The city provided additional investment around the development, resulting in a successful project.

Reinventer Paris was an architectural programme launched in 2014 that focused on transforming 23 areas in Paris. This programme effectively brought together diverse and multidisciplinary teams to address environmental and social challenges. Building on the success of Reinventer Paris, C40 Cities, a network of 97 megacities around the world, launched a global competition in 2017 with the aim of driving creation of healthier, greener, and economically viable urban development by facilitating effective collaboration between public and private sectors (see case study on page 61).

ISTOCKPHOTO: WAVEBREAKMEDIA

C40 Demain Montréal, Canada

C40 is a global network of the world's megacities that are committed to address climate change and create a healthier and more sustainable future. In December 2017, the group launched a global competition called Reinventing Cities to drive carbon-neutral and resilient urban regeneration. The competition was designed to:

- support the alliance between private and public sectors;
- drive innovation to address environmental and social challenges; and
- develop a model to deliver healthier, greener, and economically viable urban developments.

Supported by C40, participating cities identify underused spaces that are rapidly available for redevelopment and put them up for a competition. Bidders compete to buy or lease the site and develop it. The price is not the main competition criteria. Instead, a combination of innovative climate solutions, architectural quality, and tangible benefits for the local community is favoured.

Montréal in Canada, one of the 19 participant cities, put forward De la Commune Service Yard site, which sits at one of the city's gateways. The competition was won by a consortium, Demain Montréal, led by real estate investor Ivanhoé Cambridge, construction company Pomerleau, and real estate asset manager Cogir.

Demain Montréal purchased the land and plans to build a mixed-use development on the about 10,000-square-metre site. The project aims to create a sustainable, resilient, and inclusive community. The site will encompass 248 residential units, including 88 affordable or social housing units and office spaces. Le Souk is at the core of the project as an enabler of the circular economy, offering spaces for zero-waste grocery stores and educational workshops. The development will also enable 423,200 kilograms of on-site food production and create 80 new jobs dedicated to food production and food waste recovery.

As part of the programme, the city defined a set of C40 objectives for the site, which are predominantly environment related but also include social aspects, such as the number of affordable housing units and educational or training programmes delivered. The consortium, who will also be managing the majority of the project after completion, will be using a series of metrics to ensure alignment of their decisions with those objectives throughout the project.

CREDIT: ACDF|L'ŒUF|GENSLER

Stories

Stories designed its business model with a mission to use property development as a tool to enable maximum social and environmental impact. Although a "for-profit" company, by choosing to register as a B Corp company, they measure their performance against a triple bottom line – profit, people, and planet – to deliver shared value for all stakeholders, as opposed to just maximising shareholder returns. This is reflected in their Fair Returns policy where each project is appraised to identify routes to maximum social outcomes first, after which the optimal-risk delivery route is identified. Stories seek to mitigate risk as soon as possible to allow them to operate at the lowest possible margin for any given situation. Based on their experience and knowledge, they try to spot opportunities to work with aligned landowners who are seeking to deliver more than just maximum land value and in doing so unlock more value, primarily working in 30 per cent of the most deprived areas in the United Kingdom.

To make this possible, their strategy is to generally avoid buying land (although they can and will if they need to). Their target market is fundamentally landowners that are interested in long-term local outcomes. Land value typically takes up a large proportion of the total development cost and is often equity-hungry (making the time value of land high, thus rewarding rapid programmes). Not buying land takes this pressure off and allows stakeholders to engage properly with the community and to take a long-term perspective. Facilitated by this "equity-light" approach, they have developed a social impact framework with which they deliver each project, which relies on more thorough engagement with local people.

They operate through carefully structuring development agreements. Management of risk and how it is shared between all sides of the partnership are key in creating social value with reasonable long-term return that is sufficiently attractive for long-term investors.

In the United Kingdom and much of Continental Europe, land value is one of the underlying issues that make public/private relationships complicated. Issues around land value have been covered extensively in ULI's report on affordable housing;[19] however, they can be fundamental to the nature and type of social value creation, given they determine use values and rental levels. Some interviewees argued that new financial and legal models are needed to deliver more social value. Stories, a socially responsible developer based in the United Kingdom, is setting out to develop such models (see box).

In summary:

- There is no one-size-fits-all framework or tool when it comes to social value measurement. Context is everything. The nature of social value creation will depend on the nature of the real estate development/ asset and local needs and priorities. Different tools have different uses with varying levels of rigour and detail. Metrics need to be selected that are relevant to the social objectives.
- The drive for standardisation of measurement and metrics risks obscuring the need for good sense and professional judgement. But measurement can be a helpful entry point to talking about social value and considering more deliberately how to embed social value creation in decision-making and then measuring and reporting results against objectives.
- Collaborative partnerships between public and private sectors have an important role, focused on how real estate can enhance social value creation and where there are opportunities for additionality beyond business as usual. Partnerships with social-sector organisations, such as NGOs and specialist service providers, are also critical.
- Each organisation requires leadership and the right skills to make effective use of these available frameworks and tools and to create and deliver social value.

[19] ULI Promoting Housing Affordability Report 2020

5. A ROAD MAP FOR THE FUTURE OF REAL ESTATE IN SOCIAL VALUE CREATION

This chapter sets out our overall conclusions and a road map recommending six categories of action that need to happen to enhance the role of the real estate industry in social value creation.

Conclusions

Across the real estate industry, there is an increasing interest in the social dimensions of sustainable development and how the real estate industry can contribute to social value creation. This report argues that the financialisation of real estate – where property is solely looked at through the lens of being a financial asset which can generate revenue and profit – has led to a disconnect between financial value creation and social value creation. Too often development and investment decisions are driven by a focus on maximising financial returns on investment. Aligning the economic activity of real estate – and all industries – with achieving the SDGs is imperative and necessary for the industry to have the social licence to operate. Key to enhancing social value creation is redefining value not just in financial terms, but also to account for social, economic and environmental well-being outcomes over the long-term.

In practice, this means putting people and places at the heart of real estate development and investment. COVID-19 is a wake-up call for the real estate industry. While the pandemic has brought major risks and challenges for the industry, it also opens up opportunities to rethink how to repurpose and connect real estate development and investment to local, place-based needs and priorities and to consider the role of the real estate industry in helping tackle social and spatial inequalities.

Social value does not have to come at the expense of financial return. Social value-led approaches to investment create opportunities to increase the long-term worth and value of real estate. To ensure this is the case, however, the 'market value' of property needs to be better aligned with the "use value", accounting for long-term value beyond short-term gain for investors. This prompts questions about purpose: What and who are development projects really for? The current market does not necessarily provide rewards for investment in social value creation. However, ESG integration and sustainable investing are becoming mainstream. The near doubling of investment in sustainable funds in 2020 suggests that investors are increasingly willing to incorporate environmental and social considerations into decision-making.[20] Hence, the timing is good for an industry-wide focus on social value creation.

Improving social value measurement is critical to social value creation. Social value measurement methods and techniques exist, ranging from qualitative methods to understand people's lived experience, to quantitative methods to monetise well-being outcomes (see Chapter 4). The understanding and use of these tools and techniques is still at an early stage of development in real estate. The industry needs to build the knowledge and skills in social value measurement and develop more standardised and consistent reporting approaches.

Within the investment community, the focus on social value creation is often equated to placing more attention on the "S" in ESG. While this is a good place to start, considering social value from an ESG perspective risks a narrow focus on defining metrics and collecting data. Some aspects of social value creation are intangible and hard to measure, such as sense of community and aspects of well-being. We see social value measurement as a means to an end with the ultimate goal to help organisations improve their future social value creation, not just describe past achievements. As such, social value measurement is an issue of strategy, organisation, and culture, as much as it is a technical task concerning methods and metrics.

[20] Morningstar (2020), European Sustainable Funds Landscape: 2020 in Review; A Year of Broken Records Heralding a New Era for Sustainable Investing in Europe.

Recommendations

This final section looks ahead and provides the fundamentals of a road map to actions that are needed to underpin a strong, enduring, and trusted future for the real estate industry. The road map highlights six categories of action.

Figure 23: A road map for better social value in real estate

1. Government-led place-based vision and strategy

As social value creation for real estate is by definition place-based, the starting point is for government – at national, regional, and city/local levels – to provide a vision and establish sustainable development objectives and priorities. The public sector has the levers to drive more inclusive and sustainable development by providing leadership; setting policy and planning priorities; introducing building and other standards; and providing public investment and fiscal incentives that will encourage private-sector actors to consider longer-term social value creation, including wider community interests.

Local, place-based expectations and needs are best articulated at the local government level and co-created with citizens, community groups, and businesses. Many cities and towns around the world are working to develop shared visions and plans to address key social and environmental challenges, such as Amsterdam's Doughnut Circular Economy Plan, Bristol's One City Plan, and Copenhagen's 2025 Climate Plan. Real estate practitioners have a key role to play in helping deliver on these local sustainable development plans.

Critical to government playing this leadership role is overcoming departmental silos and developing long-term development strategies and plans that are not undermined by short-term political cycles. A more holistic approach to strategy development and public spending can help leverage more effective use of private-sector resources, including commercial real estate investment.

2. Corporate leadership

Our research highlighted how leadership is regarded as the most important driver of social value creation in commercial organisations. Leadership drives organisational culture, values, strategy, and ultimately the extent to which social value creation is taken seriously as a business priority. It also provides the vision and organisational support to integrate social considerations and measurement into economic and financial models, business processes, and product innovation.

Prioritising social value creation requires a cultural shift within the industry. Impact investing has an important role to play in driving such change. However, ultimately, this agenda is about mainstreaming social value creation such that social and environmental factors become an integral part of all development and investment decisions.

If the real estate industry is to shift business as usual towards more intentional social value creation, it requires buy-in from the top of organisations – at the board and senior leadership team levels. Different size organisations will have different levels of in-house capability on matters related to social value, and many may need to bring in external expertise. However, all organisations can make sure they have representatives on the board and at senior levels to ask the right questions and make sustainability and social value creation core to their business purpose. As the Head of Real Estate Sustainability for a large investment firm put it:

> "We want to move from investing in big shiny assets to socially useful buildings and social change. It's a real journey for us."
>
> **– Head of Sustainability, real estate investor**

There is a strong business case for focusing on social value creation, especially when social value creation is integrated into a business model or development from the outset. For example, creating a community space in a shopping centre increases footfall; retail units will command a premium rent and therefore enhance economic returns to the asset owner. Such an alignment of interest can create a positive feedback loop reinforcing capital structures interest in social value.

Furthermore, having a clear corporate purpose and focus on social value and wider sustainability issues can help position an organisation as an attractive employer so supporting staff retention and hiring, particularly among young people where there is growing awareness and interest in sustainability issues.

3. Transparency, accountability, and data

There is a clear need for a better and shared understanding of social value (impact) measurement, management, and reporting across industry stakeholders. Environmental performance is simpler as one can define objective measures and metrics that apply across asset types. Measuring social impact requires recognising that the nature of social value creation is dependent on local, place-based context and defining objectives and performance measures that relate to what is in the best interests of relevant stakeholders, local communities, and wider society. Such objectives could include increasing the supply of affordable homes, green space, and community facilities. In order to create a shared understanding, embedding greater transparency and authenticity in relation to social value creation throughout the market system is key.

Social value measurement methods and techniques already exist. This report maps key frameworks and tools in an effort to increase industry knowledge and shared understanding of how to define and measure social value (figure 24). To encourage social value creation and enhance the real estate sector's contribution to SDGs and well-being, the industry needs more effective use of these tools, more transparent measurement, and more consistent reporting frameworks.

Professional real estate organisations, impact measurement specialists, and standard setters are leading the way in developing relevant social value measurement approaches for real estate. But there is also an important role for asset owners and investment managers in adopting these approaches and integrating social impact measurement and reporting into their investment strategies and performance monitoring. This can help set requirements and drive incentives for others, e.g. developers.

Figure 24. Examples of frameworks, tools, and strategies used for social value creation

Principles and approaches: IFC's Operating Principles, IMP's set of norms, UNEP Impact, UKGBC SV guide, SROI guide.

Defining goals and objectives

Framing: SDGs, OECD Well-being Framework, Local Plans

Local needs analysis: Stakeholder engagement tools, local data service, bespoke databases

Aligning KPIs and metrics

Social value/impact databases: IRIS+, LBG, HACT Social Value Bank, National TOMs.

Design guide: Value of Urban Design (CABE).

Certification/rating systems: GRESB, LEED, BREEAM, WELL.

Measuring, managing, and reporting

- Post Occupancy Evaluation (POE)
- Audit of process
- Audit of results

Exiting investment

- Fixed-period asset management role
- Creating an ecosystem through development
- Social due diligence on new investors
- Choosing long-term investors

Partnerships: Public sector (e.g. infrastructure investment, identifying priorities), NGOs (e.g. programme delivery).

Effective performance monitoring requires many different things. First of all, as social value creation happens over a longer period of time, it is important to develop financial return metrics that better capture that longer term perspective. In addition, the appropriate qualitative and quantitative data need to be collected in relation to relevant social value outcomes. This is referred to as a 'mixed methods' approach. This includes collection of baseline data on socioeconomic conditions and stakeholder perspectives, through to post-occupancy evaluations. Data collection may involve tenant and community surveys and use of big data. This will require engagement with and sharing of data amongst various stakeholders (e.g., landlords, tenants, occupiers, visitors). This requires trust – users of the data collected need to demonstrate that their data collection ultimately benefits those whose data are collected. Emerging technologies can help enable unintrusive, reliable data collection while protecting privacy and preventing abuse of data.

We encourage a focus on open and transparent reporting of social value creation and independent assessments and verification of impact by qualified organisations, including honest appraisals of any trade-offs. This will help build awareness in the industry about the impact companies and assets have on their local communities. Impact measurement approaches should be further tested with a focus on sharing lessons learnt such that best practices can be adopted throughout the industry.

4. Innovation

Innovation and knowledge sharing will be critical for driving change. Areas of innovation include the design of new business and financial models that embed long-term social value creation, the development of new impact investment funds, and the use of technology for spatial analysis and data collection. We see small firms having a key role to play in innovation, as they are often the ones driven by social values and willing to take risks.

Innovation in governance and policy areas is also required. Within the United Kingdom, greater devolution is seen as critical for local governments to have the power and resources to lead place-based development strategies. New forms of strategic collaboration amongst public bodies, private sector, and civil society could help more effective social value creation by integrating shared value in the entire investment and development process from the outset. There are opportunities for government to work with developers and investors to identify suitable sites for implementing a sustainable and well-being approach to development. A knowledge hub could be established for sharing learning on good practices, use of measurement tools and metrics, and how social value creation relates to financial value creation.

5. Education and training

Well-being and wider sustainability concerns need to be integrated into real estate education and training courses at all levels. Greater in-house training and professional development of staff is also needed, as well as hiring of new staff with relevant skills. This includes developing knowledge of social issues and skills in stakeholder engagement and facilitating conversations and joint decision-making. It also includes reviewing the fundamentals of investment theory and dominant methods of evaluating and pricing investment opportunities, which are based on short-term economic and financial returns. Ongoing research, for example at Harvard University, is looking at whether modern portfolio theory can be developed to optimise portfolios considering financial and non-financial risk factors equally. ULI and other sector bodies could support efforts in redefining returns towards a longer-term focus, incorporating e.g. volatility and land value, for example.

Knowledge and capacity can also be developed within the industry through partnerships with others organisations, for example, within academia and specialist organisations, including non-profits and research and policy organisations. Interdisciplinary, cross-sector collaborations, as seen in the Brent Cross Town example featured in the report, can enhance collective knowledge in real estate.

Professional bodies like ULI are well placed to influence the development of education and training programmes and can help build knowledge and awareness through commissioning research, leading discussions and debates and sharing good practice.

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6. Collaboration

All organisations within the real estate industry have a role to play in social value creation. We need an entrepreneurial spirit of collaborative innovation across the industry to drive more social value from real estate. Social value creation is the product of dynamic interaction between effective demand and effective supply. Those on the demand side include local residents, businesses, local government, and community organisations with specific demands and investment needs. Those on the supply side include developers, design firms, and investors who can offer solutions and services that can deliver social value in ways that are affordable and implementable.

Building good relationships and high-quality partnerships are critical to social value creation. Creating social value requires setting shared objectives and working in partnership – shifting from a transactional to a relational approach. This applies to public-private partnerships sector and also to landlord-tenant relationships. Our case studies, such as Demain Montréal and APG/PGGM, demonstrate the importance of building quality partnerships. Opportunities exist for sharing lessons on local and national approaches, both successes and failures, more broadly within the real estate industry and on how to collaborate effectively for positive social change.

Ultimately, both individual and collective actions are needed that are directed towards better understanding, articulating, optimising, and demonstrating social value. The greatest value will be achieved if the industry's current interest in developing social value measurement translates into greater discussion, deliberation, and collaborative partnerships for social change. These will need to be focused on how both public- and private-sector actors can co-create social value and where the opportunities lie beyond business as usual to increase the role of real estate in delivering social, economic, and environmental well-being and making a greater contribution to achieving the SDGs globally.

APPENDIX: CERTIFICATION, TOOLS, AND FRAMEWORKS

Certifications

Click on white hyperlinks to find out more

Name	Description	By	Real-Estate specific	Applicable level		
				Corporate	Portfolio	Asset
B Corp	Certification that enables businesses to demonstrate they meet high standards of social and environmental performance, public transparency, and legal accountability to balance profit and purpose. Offers a tool for self-impact assessment which is free and available online. Certification process results in becoming a certified B Corporation.	B Corp	N	•		
BREEAM	Certification for buildings and infrastructure measuring environmental, social and economic sustainability and providing a rating through third-party assessment. It can be used across the development life cycle from new construction to in-use and refurbishment. “BREEAM Communities” is used for larger developments and master planning projects.	BRE Group	Y			•
GRESB	Reporting framework and benchmark to assess the ESG performance of real estate companies and funds. The 2020 benchmark covers more than 1,200 real estate firms, REITs, funds and developers.	GRESB Foundation	Y	•	•	•
LEED	Building certification system promoting energy- and resource-efficient buildings. ‘LEED for Cities and Communities’ is used to benchmark a local area against national and global standards.	USGBC	Y			•
WELL Standard	Standard to assess health and wellbeing outcomes for buildings, structured around 10 key themes including air, sound, movement and mind (mental health). Variations include WELL Communities and WELL Portfolio.	International WELL Building Institute	Y		•	•

Social Value Measurement Tools

Name	Description	By	Real-Estate specific	Applicable level			Guidance on monetisation
				Corporate	Portfolio	Asset	
Archistar	Australia-focused AI platform with local data on development sites, for use by developers, architects and planners.	Archistar	Y			•	N
Business for Societal Impact (B4SI) (formerly known as LBG)	Framework enabling companies to report on the social impact of their business and programmes using the measurement standard. Flexibility to measure through the lenses of community investment, business innovation, and procurement. Measures inputs, outputs and impacts (outcomes).	Corporate Citizenship	N	•		•	N
Experience Index by Gensler	Framework demonstrating the key factors which influence human experience of building design.	Gensler	Y			•	N
Future-Fit Business Framework	Benchmark tool and metrics for corporate reporting on environmental and social performance, mapped against the SDGs.	Future-Fit Foundation	N	•			N
Global Value Exchange	Database of outcomes, indicators and valuations to measure social value including IRIS+, HACT Value Bank, Outcomes Matrix. Also offers tool to collect social value data of projects or activities.	Social Value UK	N	•	•	•	Y
HACT Community asset transfer social value calculator	Specific application tool for housing providers to help understand the social value and associated financial values of Community Asset Transfer, and help inform decision-making.	HACT	Y			•	Y
HACT Community led housing social value calculator	Specific application tool for housing providers to help demonstrate the social value and associated financial values of Community Led Housing.	HACT	Y			•	Y
HACT Social Value Bank Calculator	Comprehensive tool to help housing providers to implement social value measurement of activities using a database of social values.	HACT	Y		•	•	Y

Name	Description	By	Real-Estate specific	Applicable level			Guidance on monetisation
				Corporate	Portfolio	Asset	
Happiness Pulse	Standardised survey tool to measure understand and improve well-being, to be used by policymakers and for projects.	Centre for Thriving Places	N	•		•	N
IRIS+	Impact accounting system for impact investors to measure, manage and optimise impact. Includes metrics database and aligned standards.	GIIN	N	•	•	•	N
Leesman Index	Benchmark tool to measure employee experience through surveys, including physical experience of the workplace. Benchmarking data includes over 5,000 workplaces across 100+ countries globally. Certification is also available for high performance workplaces.	Leesman	Y	•	•	•	N
LM3	Methodology and tool to measure the economic benefit of local spending on a particular area by public, private and not-for-profit organisations.	New Economics Foundation	N			•	Y
London Urban Health Index	Index tool for London assessing health outcomes around seven key themes including environmental (e.g. noise, air pollution) and psychological (e.g. deprivation). Interactive map-based ranking of wards available online.	Centric Lab	Y			•	N
MSCI ESG Sustainable Impact Metrics	Framework service provided by MSCI to help investors incorporate sustainability into the investment process, including screening science for sustainable impact companies, and alignment with other frameworks.	MSCI	N	•			N
National TOMs 2020	Organisational reporting standard for measuring social value in procurement and management. The tool centres around five key themes, including jobs, growth, social, environmental and innovation. Each of those has outcomes and measures. Includes financial proxy values and a real estate plug-in.	Social Value Portal	N	•		•	Y
Neighbourlytics	Data-driven tool for local area analysis of social and economic value in communities.	Neighbourlytics	Y			•	N
Outcomes Matrix by Good Finance	Interactive tool to plan and measure social impact by customising the relevant outcomes and metrics for organisation or activity from a range of themes.	Good Finance	N	•	•	•	N

Name	Description	By	Real-Estate specific	Applicable level			Guidance on monetisation
				Corporate	Portfolio	Asset	
Positive Impact Real Estate Investment Framework	Framework to help real estate investors incorporate impact considerations into decisions at each stage of the property investment cycle. Metrics are centred around four key Impact Objectives and aligned with SDGs.	UNEP FI	Y		•	•	N
Project for Public Spaces	Toolkit for place-making, with key themes and indicators to support the design of a successful public space.	Project for Public Spaces	Y			•	N
RIBA Social Value Toolkit	Tool to demonstrate and evaluate the impact of building design on people and communities and incorporate social value throughout the design process through post occupancy evaluation surveys. Includes guidance on monetisation of housing outcomes.	RIBA	Y			•	Y
RIBA Sustainable Outcomes Guide	Outcomes-focused framework with metrics, to assess contribution of buildings towards the SDGs. Includes wellbeing and social value.	RIBA	Y			•	N
SDG impact indicators: a guide for investors and companies by Dutch financial institutions and companies	High-level methodology for investors with indicators to track investments against the SDGs.	Working group of Dutch financial institutions and companies	N	•		•	N
Social Profit Calculator	Private company offering social value impact assessment and monetisation of outcomes using a variety of frameworks and standards.	Social Profit Calculator	N			•	Y
Social Value Exchange	Private company offering social value impact assessment for community organisations, authorities and suppliers.	Social Value Exchange	N			•	Y
Social Value Framework for retail property	Framework and methodology to help stakeholders in the retail property sector to measure and chart progress of social value considerations, including objectives and metrics aligned with SDGs.	REVO	Y		•	•	N

Name	Description	By	Real-Estate specific	Applicable level			Guidance on monetisation
				Corporate	Portfolio	Asset	
Spatial Planning for Health	Guidelines for planning and urban design to promote positive health and wellbeing outcomes by demonstrating linkages between the built environment and health.	Public Health England	Y			•	N
Sustainability Reporting Standard for Social Housing	Reporting framework for social housing providers with 48 criteria across environmental, social and governance themes, enabling transparent and comparable reporting for use by investors.	The ESG Social Housing Working Group	Y	•			N
Sustainable Development Investments Asset Owner Platform	Data platform providing companies with information on alignment of their investments to the SDGs.	SDI AOP	N		•		N
Thriving Places Index	Reporting framework to assess well-being at a local area level, driven by data indicators.	Centre for Thriving Places	Y			•	N
True Price	Methodology for setting prices in order to capture social and environmental costs on top of market costs.	True Price	N			•	Y
Walkscore, Bikescore, Transitscore	US-based scoring system for local areas based on walkability, public transport access and bike infrastructure.	Walk Score	Y			•	N

Frameworks

Name	Description	By	Real-Estate specific
Business reporting on the SDGs: An analysis of the goals and targets	High-level analysis of how businesses impact the SDGs and targets, to help companies better incorporate them into their sustainability reporting.	GRI and UN Global Compact	N
City Prosperity Index	Composite index with six domains to assess and monitor the socio-economic outcomes of cities.	UN Habitat	N
Delivering Social Value: Measurement	Principles and resources to help organisations undertake social value measurement to drive sustainable development of the built environment.	UKGBC	Y
Doughnut Economics Model	Economic framework to limit environmental degradation and promote social outcomes in policy and planning. Can be applied at a city or local level.	Kate Raworth	N
Framework for Defining Social Value in the Built Environment	Framework that sets out a high-level definition of social value for the built environment as a whole and provides a framework for defining social value for any individual project or place. The guidance also includes a high-level process and principles for delivering social value across the asset lifecycle.	UKGBC	Y
Global Reporting Initiative (GRI) - 413 Local Communities	One of a series of GRI standards, providing guidance and higher-level KPIs for an organisation to report on the topic of local communities.	GRI	N
IFC Operating Principles for Impact Measurement	Nine high-level principles to assess the impact management systems of funds and institutions.	IFC	N
IFC: Anticipated Impact Measuring & Monitoring	Impact assessment tool designed for large-scale development projects which provides an ex-ante expected impact score. Includes sector-specific frameworks.	IFC	N
Impact Management Project: ABC impact classification	Tool to classify the impact of individual investment products by impact class to help investors describe impact performance of an investment or a portfolio of investments.	IMP	N
Impact Management Project: Five dimensions of impact	High-level data categories to inform impact management and assess impact performance. Can be used alongside other frameworks and standards, or to describe strategy from scratch.	IMP	N

Name	Description	By	Real-Estate specific
OECD Framework for Measuring Well-Being and Progress	High-level framework looking at well-being, inequalities and resources. Sits alongside other OECD research and initiatives on well-being measurement.	OECD	N
Social Sustainability Framework	Research framework and set of indicators to measure the wellbeing and social impact of housing, mixed-use developments and regeneration projects on local communities.	Social Life and University of Reading	N
Social Value in new development	High-level guidance and methodology aimed at development teams, local authorities and other key stakeholders to help promote understanding of social value in relation to the built environment.	UKGBC	Y
SROI Guide by Social Value International	Principles, methodology and framework for measuring and accounting the social value of organisations or activities by representing outcomes with monetary values.	Social Value UK / International	N
Street Markets Toolkit: Evidencing and Capturing Social Value	Toolkit for impact assessment of London markets, with eight principles for a thorough guide to the evidence collection and assessment process. The guide can be easily transferred to other contexts.	Greater London Authority	N
The Impact Toolkit (GIIN)	Database for impact measurement and management tools and resources across sectors, including for the realestate sector.	GIIN	Y
The Seven Principles of Social Value	High-level principles to incorporate social value into decision-making.	Social Value UK / International	N
UN Principles for Responsible Investment	Six high-level principles to incorporate ESG into investment practice, including actions for investors to consider ESG issues.	UN PRI	N
Value of Urban Design: Design Analysis Tool	Analysis tool to evaluate the social, economic and environmental value added by good urban design at a project or site level, using a set of qualitative performance criteria. Part of a wider methodology framework.	CABE	Y
Value Toolkit by Construction Innovation Hub	Methodology framework to measure project and operational social value at the different stages of construction in order to inform decision-making for projects and procurement. Based on five capitals model: natural, social, human, manufactured and financial.	Construction Innovation Hub	Y
WSP Social Value tool	Tool using a scoring-system database to measure social value in the built environment, aiming to introduce social value considerations into built environment projects at the design phase.	WSP	Y
Business reporting on the SDGs: An analysis of the goals and targets	High-level analysis of how businesses impact the SDGs and targets, to help companies better incorporate them into their sustainability reporting.	GRI and UN Global Compact	N

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