

SOCIAL HOUSING

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FAMILIES ARE INCREASINGLY RENTING FROM PRIVATE LANDLORDS

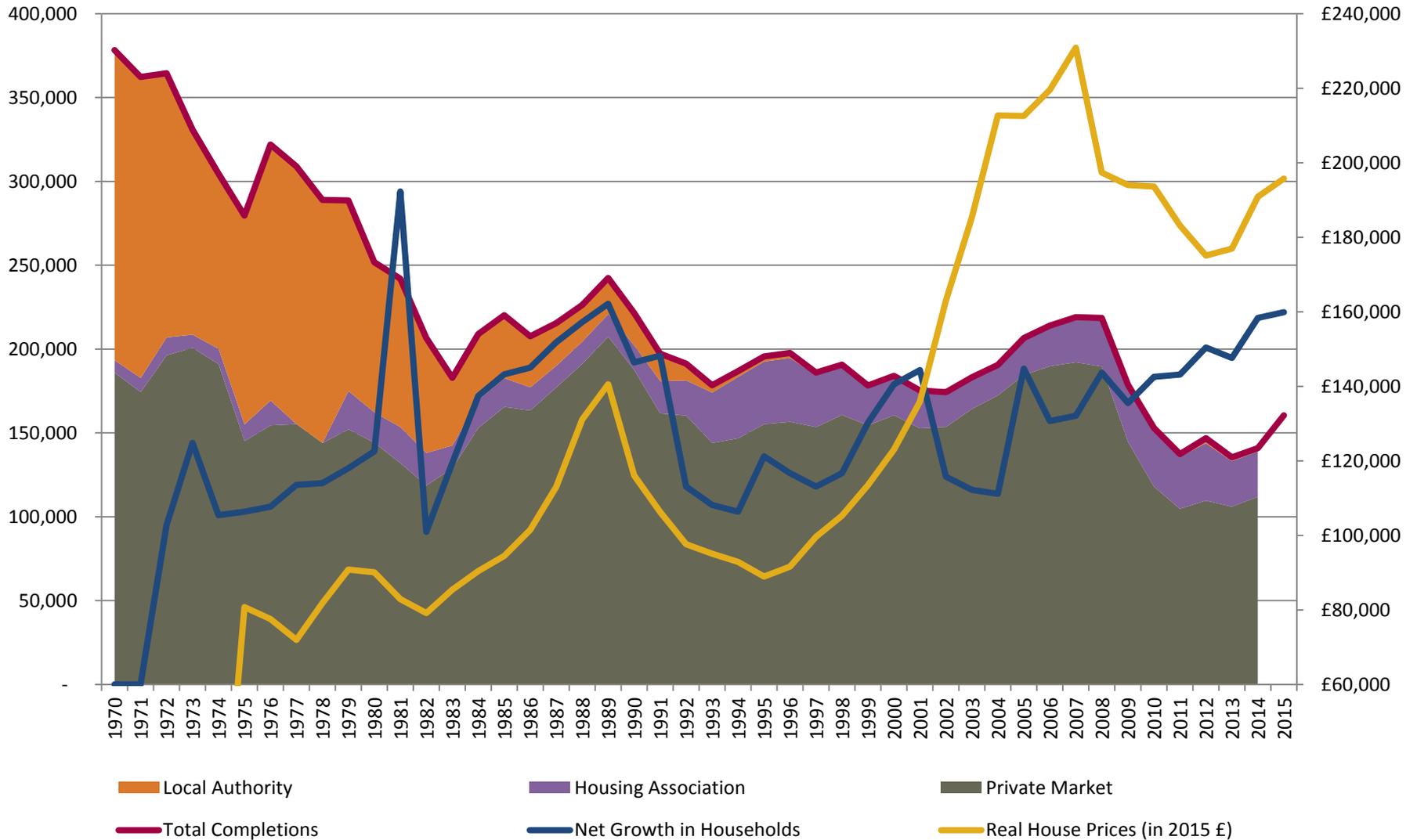
Now more than 9 million people in private rented accommodation, including almost **1.3 million families with children**. This can be incredibly unstable, with soaring rents, hidden fees and eviction a constant worry. And it can mean living in dreadful conditions too – **one third of private rented homes in England fail to meet the Decent Homes Standard**. This particularly affects vulnerable people.



Homes for Good

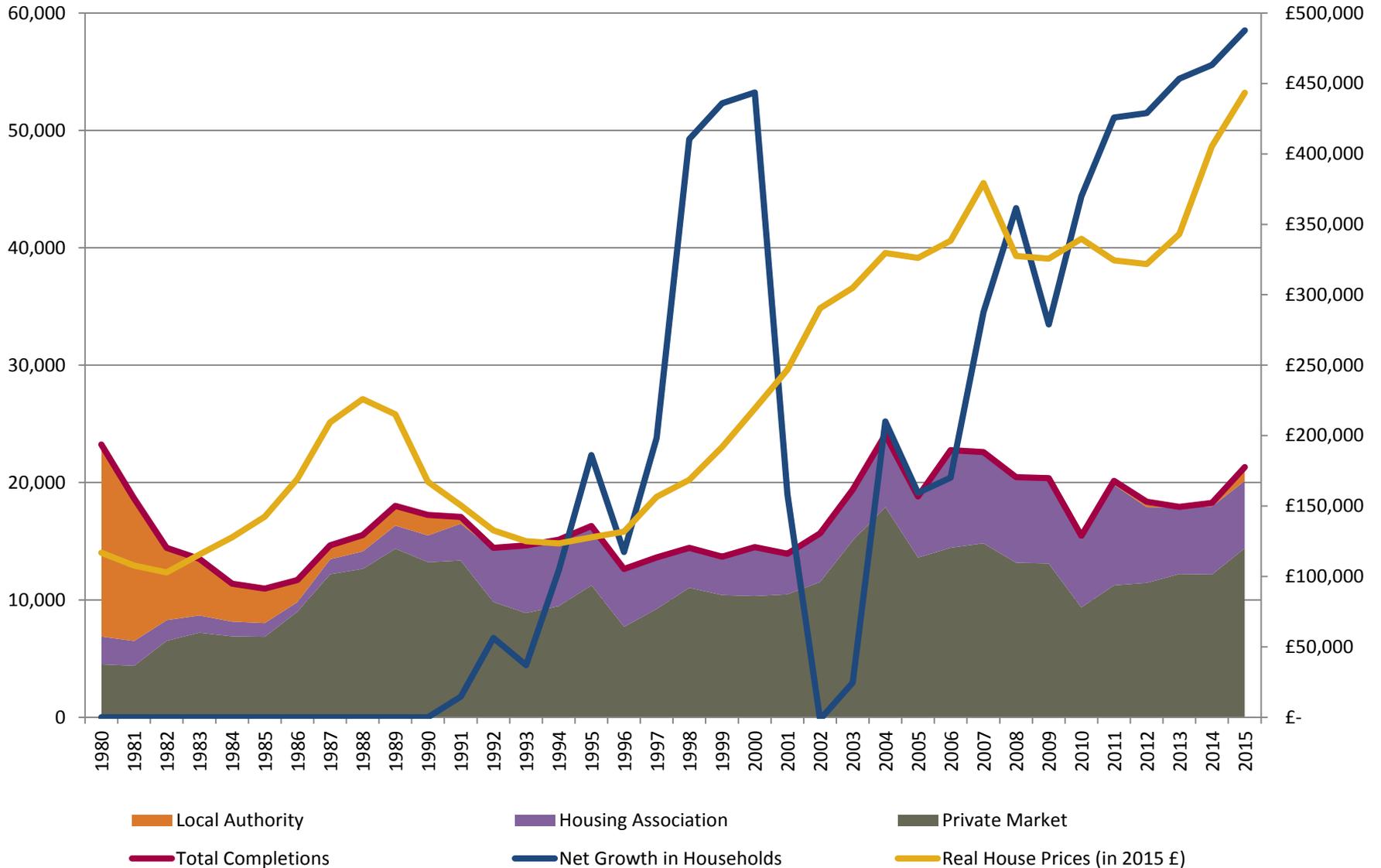
UK Housing Supply and Demand

Sources: Nationwide and DCLG



London Housing Supply and Demand

Sources: Nationwide and DCLG



HOME OWNERSHIP SLIPPING OUT OF REACH

On average, house prices are now almost **seven times incomes**. No matter how hard they work, it's becoming more and more difficult for young people to save up and buy a home of their own. In the last decade, **home ownership fell** for the first time since census records began.



JUST WHAT WE NEED
MORE HOMES FOR THE RICH →

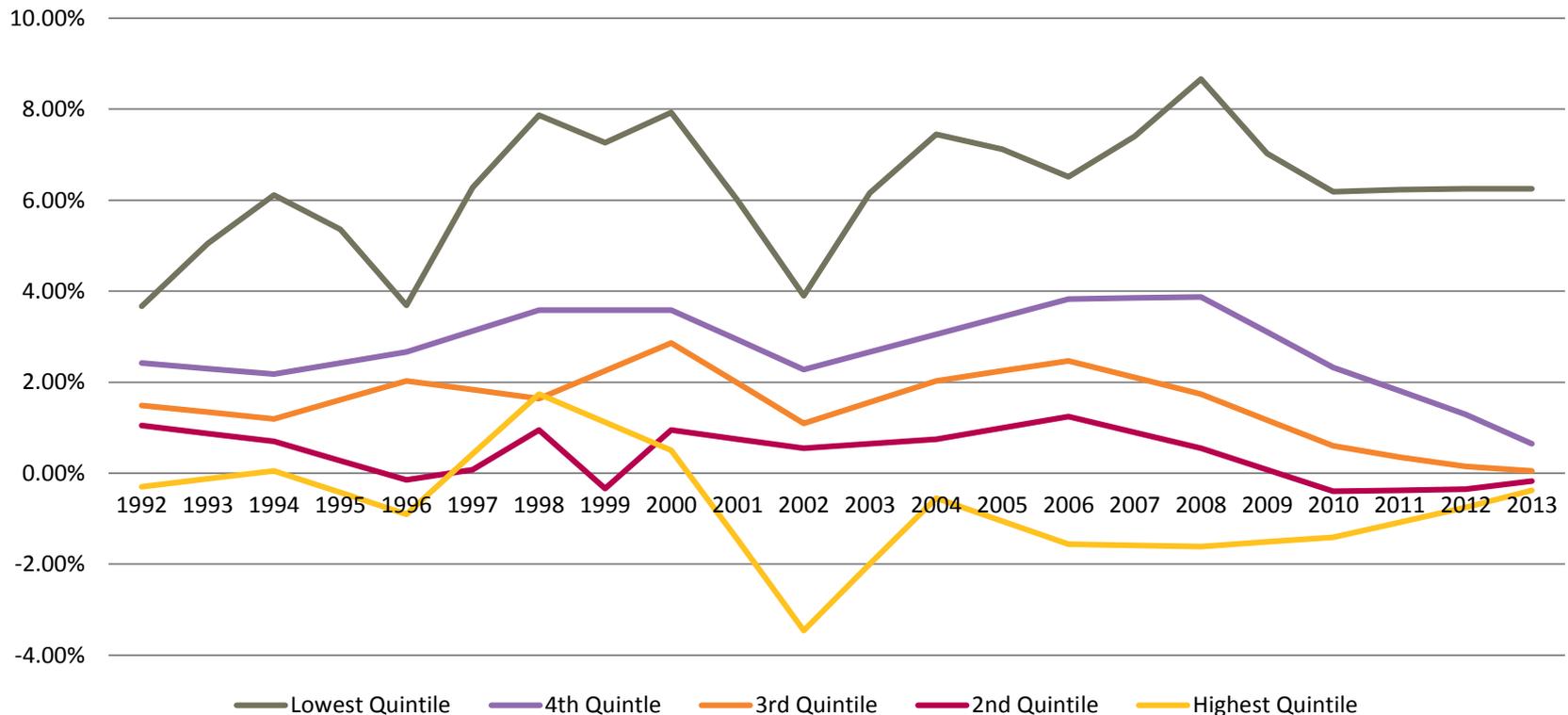
Convoy's Wharf, Deptford

A Poverty Premium in Housing?



Evidence from the US suggests that rental inflation disproportionately affects the bottom of the market. The poorest are paying increasingly more for their housing while housing cost increases for the richest are subdued by new housing being targeted at this part of the market. This is because new housing supply targets the highest incomes in any local market

Rent Inflation



Source: Federal Reserve Bank of New York

LEVELS OF HOMELESSNESS ARE RISING

After years of declining trends, all forms of homelessness began to rise in 2010. It is likely that homelessness will increase yet further, as the delayed effects of economic downturn, cuts to housing benefit and housing costs increase. There are different types of homelessness the most extreme form of which is rough sleeping. In 2016, Government statistics showed that 4,134 people slept rough on any one night across England, a 16% increase on the previous year. It is estimated that many multiples of this figure sofa surf. Furthermore, there are many vulnerable groups that are at risk of becoming homeless for a variety of reasons.

Background of vulnerable people in housing need 2015/6



Background of vulnerable people in housing need 2015/6	Numbers
People under 25 experiencing homelessness	30,000
People experiencing domestic abuse such that their home is no longer safe	20,250
People over 25 experiencing homelessness	16,750
People at risk of homelessness	15,000
People whose current accommodation jeopardised their continued ability to start or maintain treatment regimes for substance misuse or mental health	8,000
Those leaving custody without settled accommodation to return to	5,500
People accommodated in National Asylum Support Service accommodation and given leave to remain	3,250
Homeless families	2,000
Young people leaving care	2,000
People experiencing learning disability or clinical mental ill-health, who no longer need to stay in hospital	1,750
People living in registered care homes with the potential to live independently with support	1,500
TOTAL	106,000

HOUSING ASSOCIATIONS

- 1,700 independent non-profit organisations;
- 2.5 million affordable homes managed in England;
- Housing development, funded through a combination of (declining) HCA grant and debt finance is undertaken mainly by the 50 largest HAs, which each manage over 10,000 units;
- Principal revenues are sub-market rents (ranging from c. 50% - 80% of market) – 85% funded through benefits.
- The largest housing association London & Quadrant Group issued a £300m ten year bond at Gilts plus 1.07% a coupon of 2.625% in April 2016.



Big Society Capital's Role in Housing



What we call social investment has been going on in housing for well over a hundred years. Big Society Capital is dwarfed by the housing association sector what is our role?

Housing is a platform which allows other social interventions to achieve far better outcomes. We will provide housing which helps charities to **deliver more effectively** for their clients.

Housing is capital intensive. We will help to develop and seed social investment products which allow institutional investors to invest in housing for vulnerable people.

Our housing work so far



We act to **seed** new social housing business models which we believe have the potential to scale in other capital to deliver **meaningful social impact** through housing

**Real Lettings
Property Fund**

**National
Homelessness
Property Fund**

**Cheyne Social
Property Impact
Fund**

**Community
Development Co-
investment
Facility**

**Funding
Affordable Homes**

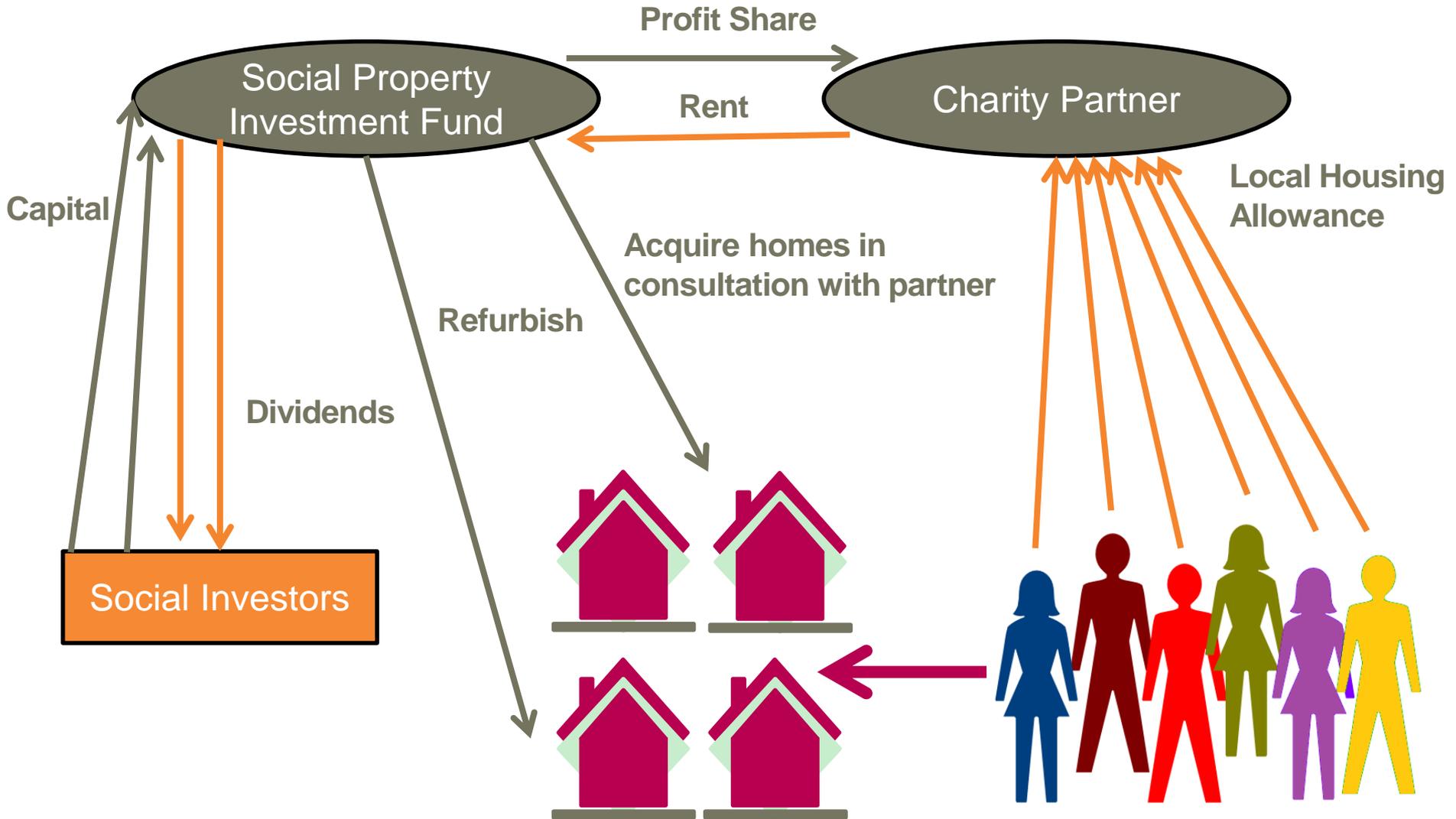
Charity Bonds

Social Property Funds acquire properties for social use, for example the £57 million Real Lettings Property Fund provides homes for 553 people.



Real Lettings

How it works – Social Property Funds



HOUSING FIRST

Thomas – Bench Outreach, Lewisham

Eight Core Principles of Housing First



Grounded in evidence of what works, Housing First offers permanent, affordable housing as quickly as possible for homeless people, and provides help improving health, well-being and social integration.

Housing is a human right

Choice and control for service users

Separation of housing and treatment

Harm reduction

Active engagement without coercion

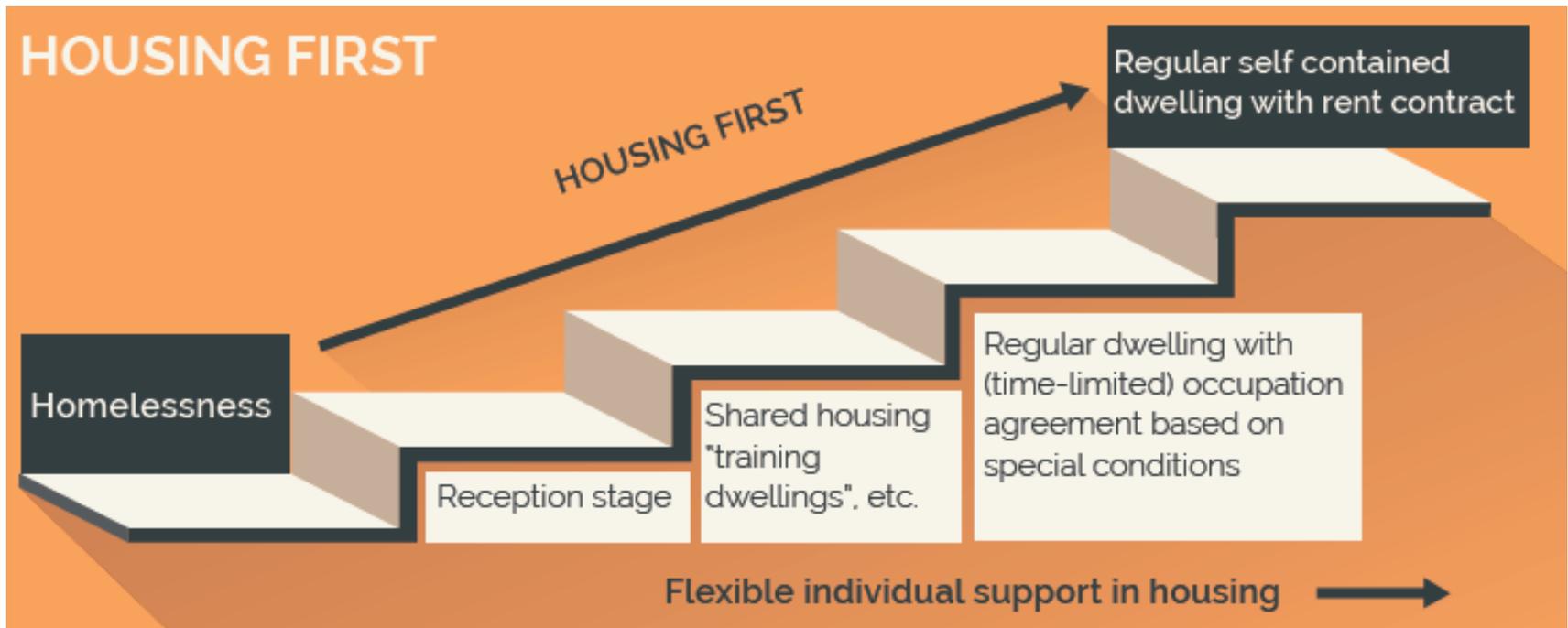
Recovery orientation

Person-centred planning

Active support for as long as required

Rapid access to housing

Housing First provides rapid access to housing, removing the graduation steps of traditional “staircase” approaches to homelessness



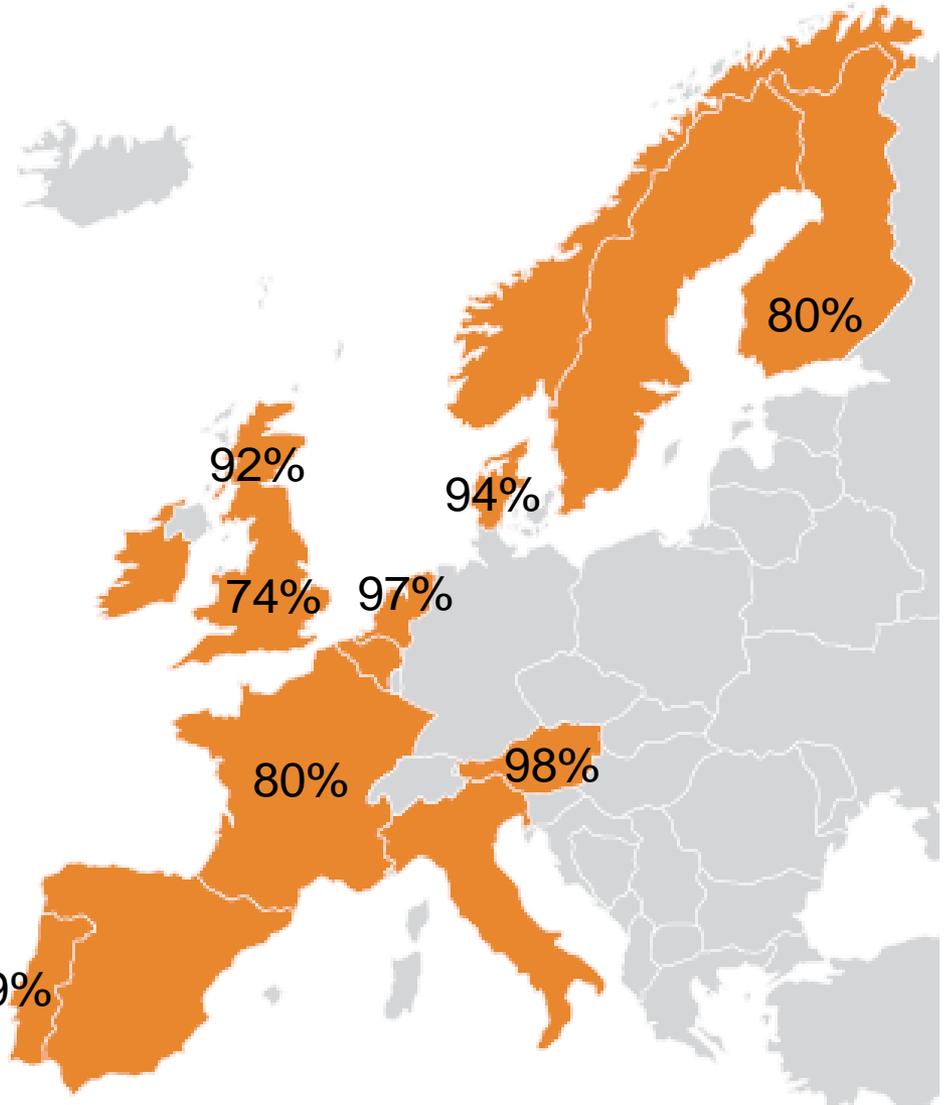
International evidence shows Housing First ends homelessness



In most cases Housing First services end homelessness for at least eight out of every ten people.

Evidence confirms that homeless people with complex needs are able to sustain independent tenancies through Housing First, more than any other intervention targeting single homeless people, including rough sleepers.

Canadian Housing First programme clients spend 73% of their time stably housed over two years verses just 32% for those receiving other homeless services.



Society benefits



Housing First improves local communities and the lives of homeless people.

**Cheaper
than hostel
places**

**Reduces
criminal
behaviour**

**Reduced
health
service costs**

**Less prison
time**

**Safer
communities**

**Improved
mental
health**

**Enables
family
reconnection**

**Ongoing
social care
cost reduced**

**Increased
housing and
supply**

**Access to
employment**

The Housing First Transition Fund will provide short term secured loans to homeless charities and housing associations to replace hostels with independent housing.



Housing First Transition Fund



Helping homelessness charities and housing associations to provide more Housing First services. The fund will be lead by the Glasgow Homeless Network and Social Investment Scotland but be open to homeless charities and housing associations across the UK.

Providing money and advice to help replace hostels with **homes**.

Helping charities to **change** the services they provide to homeless people.

Why pilot in Glasgow?

- ▶ Commitment – Glasgow City Council have committed strategically to make Housing First default provision.
- ▶ Policy – Universal right to housing in Scotland already in place.
- ▶ Scale – size is small enough to adequately test the concept for future roll out.



Support from the Housing First Transition Fund allows charities to make the most of their existing buildings to provide homes for more individuals with complex needs

What's the idea – Housing First Transition Fund



What is the fund?

A not-for-profit lender run as a charity for charities

Who can apply?

Homelessness charities and housing associations in partnership

Who will invest in the fund?

Social investors: Trusts and Foundations, Individuals and Impact Funds

And when loans are repaid?

Money is returned to the fund to lend to help other charities transition

Philanthropy

Social investment

Traditional investment



Social return

Financial return

How it works



Partnerships between housing associations and charities providing Housing First support to formerly homeless people apply to the Fund.

1. The Fund provides **funding to acquire homes** on the open market locally. The housing association which will own the homes is free to use conventional or grant to fund part of the purchase costs.

2. The charity commissioned to provide Housing First support transitions clients from hostel or the street to homes. Clients are provided with **standard tenancies** and ongoing support is provided in their home.

3. Transition requires **systemic change** so the Fund provides funding to cover increased interim operational costs for the support provider and the housing association during the transition period.

4. The **hostel closes** and the vacant site is sold to repay the Fund. Frequently the most valuable option will be for the hostel to be converted to ordinary housing **increasing the supply of homes** locally.

Further info:

<https://www.bigsocietycapital.com/about-us/previous-projects/housing-and-local-facilities>

<https://www.bigsocietycapital.com/impact-report/housing-and-local-facilities>



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