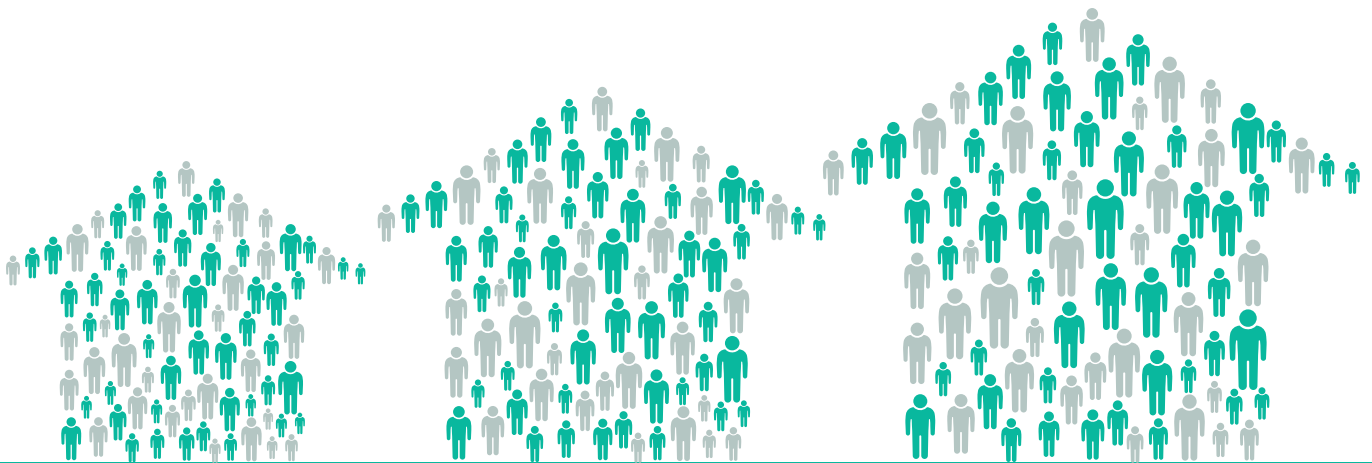


THE  
GOOD  
ECONOMY



# Funding Affordable Homes

Social Impact Report 2017

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# Executive Summary

Funding Affordable Homes (FAH) is delivering on its social objective of increasing the provision of quality, affordable homes for those in social need. It has launched a scalable investment model that is attracting private investment from those new to affordable housing. It is bringing much needed capital in large quantity that is supporting significant new housing development.

As of June 2017, FAH has committed £106 million to seven housing projects across England comprising a total of 528 properties which will provide affordable, quality housing for up to 1000 people.

FAH delivers affordable general needs and specialist housing for people on low incomes, people at risk of homelessness, people with learning or physical disabilities and older people. Overall, 21% of homes are social rent, 6% affordable rent, 61% specialist housing and 12% shared ownership. FAH is meeting its affordability goals.

Stakeholder interviews and site visits by The Good Economy Partnership confirmed that these projects are delivering positive outcomes for all stakeholder groups including improved well-being for residents, long-term funding for Registered Providers, and cost savings for central and local government.

Experience from the investments made has shown that:

- **Social investment works.** FAH is demonstrating that social impact investing can help deliver on the urgent need for affordable housing for the benefit of those in greatest need. Of particular value is FAH's provision of capital for forward funding of new housing developments. As a result FAH provides additional homes that would not have been built otherwise.
- **Partnerships matter.** FAH understands the importance of partnerships between Registered Providers, local authorities and care providers to ensure schemes respond to local social need.
- **Housing delivers multiple social outcomes.** The FAH projects show how having a home that is of high quality, well-located and with appropriate care and support can transform lives.

In the mainstream capital markets, housing is often seen as purely "real estate" investment. FAH takes a social impact investment approach – helping to connect private capital to communities and make sure that people and their quality of life stay at the centre of investment decisions.



Beaumont House, Walton-on-the-Naze, Essex



Midland House, Luton



# Introduction

Funding Affordable Homes (FAH) is an investment fund launched in 2015 investing in specialist and general needs affordable housing in the UK. Its social purpose is to increase the provision of good quality, affordable housing to improve the lives of people in social need. FAH enables investors to achieve a robust financial return while putting their capital to work for wider social benefit. The fund aims to attract new sources of capital to the social investment market, and help tackle the chronic shortage of affordable housing in the UK.

This report is the second Impact Report prepared by The Good Economy Partnership (TGE), which acts as the social advisor to FAH. Our role is to conduct pre-investment social due diligence on each potential project considered by FAH to ensure each project delivers quality, affordable housing to those in real social need (see Appendix 1 for the social assessment methodology). We also carry out this annual review to examine the social performance and impact of FAH. This report covers the period to 30 June 2017.

TGE takes a stakeholder-driven and outcomes focused approach to its work. This report is based on site visits, data analysis and interviews with residents, housing associations, local authority representatives, carers, developers and building contractors. See Appendix 2 for list of interviewees.

Lack of affordable housing and rising homelessness are major challenges in the UK. Public capital grant to support affordable housing is increasingly limited and as a result many Registered Providers (both housing associations and local authorities) have used up their available financial resources and are approaching their borrowing limits.

FAH is mobilising private capital to help meet the housing challenge in a new and innovative way working in partnership with Registered Providers. All housing

funded by FAH is within the regulated affordable sector being managed by not-for-profit Registered Providers.

FAH invests in a range of housing types, including: rented and shared ownership homes for those on low incomes; and specialist supported housing for older people, people with disabilities and those experiencing homelessness.

FAH provides much needed capital for the forward funding of new developments. A key aspect of the FAH funding model and investment strategy is the separation of asset ownership from service provision. FAH enters into long-term (20 to 30-year) leases with local Registered Providers, enabling them to scale up the housing and services they provide, benefitting the residents through the delivery of local management, based on local knowledge and experience. In many cases the investment model works without any form of government subsidy.

Some projects generate cost savings for central and local government, for example by investing in homes in the community or supported living that are lower cost than the alternative of institutional care.

In August 2016, Funding Affordable Homes Housing Association (FAHHA) successfully completed its registration with the Homes & Communities Agency (HCA)



as a Registered Provider which allows the FAH group to invest in regulated properties.

FAH generates revenue from rental income and interest from forward funding. The value of the property investments also grow as rents linked to annual inflation rates increase. A significant proportion of the rental income is from central and local government through housing benefit and other funds which support eligible residents whose incomes are too low to meet the full cost themselves. Investors contribute to positive social outcomes whilst receiving stable, long-term financial returns.

Through its investments, FAH aims to play a small but significant role in addressing the urgent need for additional affordable housing, particularly for those in social need.



FAH is funded by a range of private and institutional investors, together with Big Society Capital (BSC) and the Joseph Rowntree Foundation (JRF). BSC is an independent financial institution with a social mission, set-up to help grow social investment in the UK. JRF is an independent charitable trust working to inspire social change through research, policy and practice. Established over 100 years ago JRF researches the underlying causes of social problems, particularly poverty and disadvantage and demonstrates practical solutions in order to influence lasting change.



# Headline Results

to 30<sup>th</sup> June 2017

FAH has committed

**£106 million**

in

**7 projects**



comprising

**528 properties**



which will provide affordable, quality housing for up to

**1,000 people.**



Number of new affordable homes: **496**

Of which **288** under construction

Number of existing/refurbished affordable homes: **32**

Total number of homes and affordability: **528**

109 social rented (41.5%)	320 specialist housing (61%)
33 affordable rent (6%)	66 shared ownership (12%)

Total number of current residents: **207**

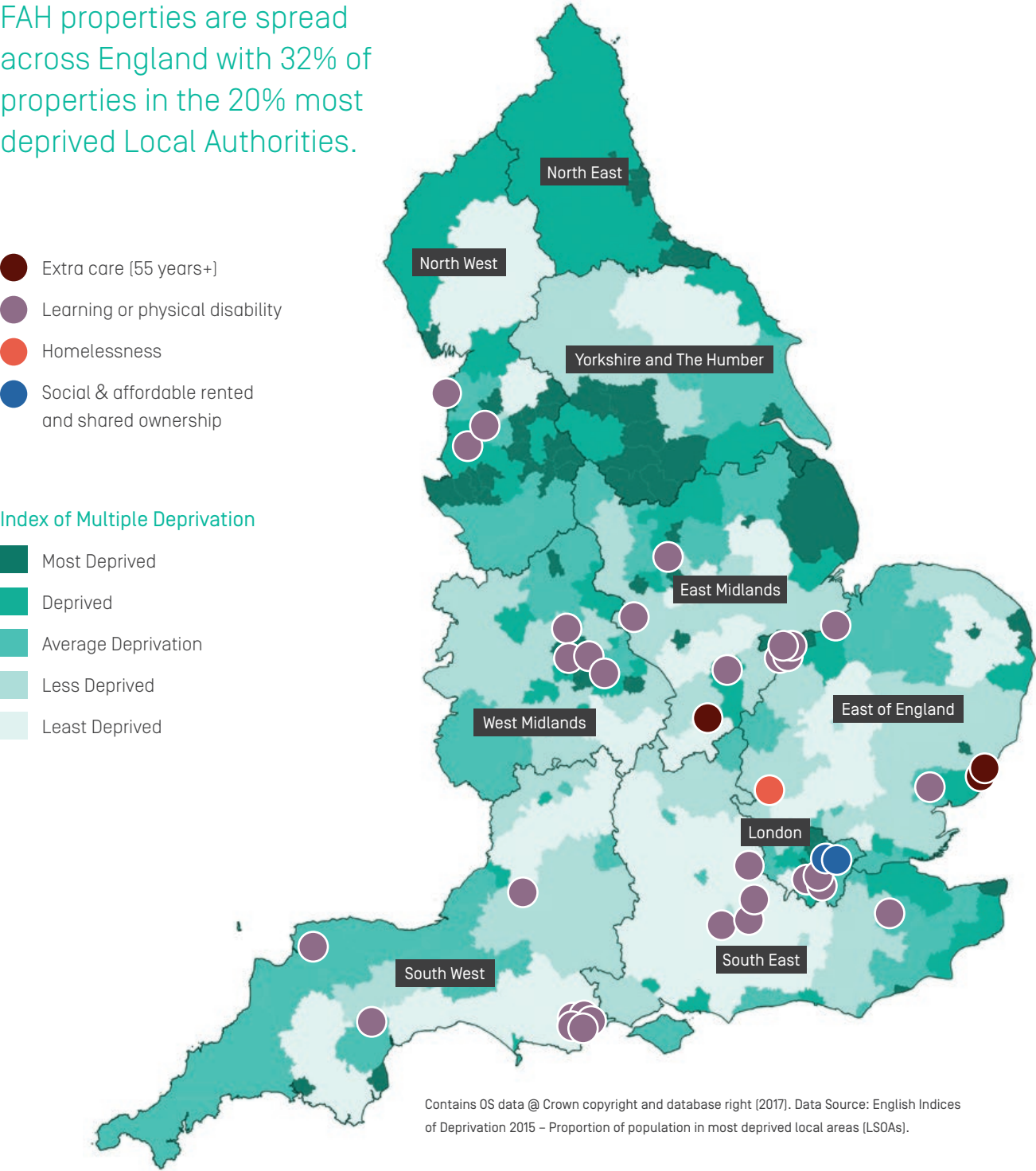
78 homeless or at risk of homelessness (37.7%)	80 people with disabilities (38.6%)
49 older people, some with care needs (23.7%)	

All properties (100%) meet at least the 'Decent Homes Standard'.\*

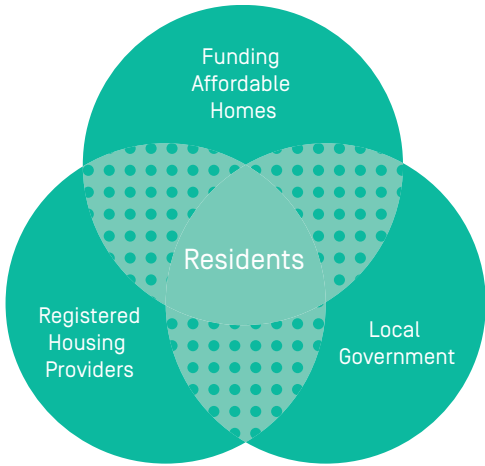
\* A standard developed by government to ensure affordable homes meet as a minimum the following criteria: (i) the Housing Health & Safety Rating System (HHSRS); (ii) are in a reasonable state of repair; (iii) have reasonably modern facilities; and (iv) have efficient heating and effective insulation.

# Location of FAH properties

FAH properties are spread across England with 32% of properties in the 20% most deprived Local Authorities.



# Outcomes by Stakeholder



TGE takes a stakeholder approach to its impact analysis looking at outcomes both positive and negative. The primary stakeholders across all projects are residents, Registered Providers and local government. Health care commissioners and providers are important stakeholders for the supported living projects. Here we present headline findings by the three main stakeholder groups. Further analysis on specific outcomes, including quantitative data, is provided in the individual project reviews in the next section.

Residents	
Quality of a home	<p>A recurring theme was the quality of accommodation and good access to local shops and facilities. All properties are well-located and built or renovated to high quality standards. All new properties visited were well-designed and of very high quality.</p> <p><i>"The layout, design and quality of the accommodation is excellent. I feel like I'm living in a 5* hotel!"</i> <b>Resident at Rosebank Park</b></p>
Social networks and relationships	<p>For current residents, having physical accommodation comes with other benefits, most importantly the opportunity to build relationships and make new friends. For some homeless people, rebuilding relations with their family was also a significant and valued outcome.</p> <p><i>"I now have good friends... I didn't expect that."</i> <b>Resident at Midland House</b></p>
Improved emotional and mental health	<p>Living in high quality accommodation, feeling safe and having personalised care and support has had major positive impacts on people's emotional well-being, particularly among older people and those with disabilities. For all those interviewed, there was clear evidence of improvements in well-being.</p> <p><i>"I was very depressed before, but living here has completely lifted me."</i> <b>Resident at Rosebank Park</b></p>

Registered Providers [Housing Associations and Local Authorities]	
Access to private capital	FAH provides a new source of capital for Registered Providers to finance the delivery of housing. FAH funding is particularly well-suited for smaller and mid-sized housing associations who are limited in their capacity to borrow or raise finance directly and for local authorities with limited Housing Revenue Account capacity.
Additionality	By bringing in a new source of capital, FAH projects are enabling new housing to be built that would not have been possible otherwise.
Long-term funding partnership	<p>Registered Providers welcome the long-term nature of the FAH funding arrangement, typically 20 to 30 year leases.</p> <p><i>"We compared a number of social investment models but decided that FAH was the best option both in terms of their understanding of our social objectives and the nature of the funding terms."</i> <b>CEO, YMCA Bedfordshire</b></p>

Local Government	
Helping meet demand for social and affordable housing	In all cases FAH projects are helping deliver local government plans to meet the urgent need to provide more affordable homes. FAH and partner housing providers build close relationships with local authorities and the projects are typically tied into specific government plans e.g. Luton's Homelessness Prevention Strategy 2016–2021 and Essex County Council's Independent Living Programme.
Better social outcomes	A significant proportion of FAH housing is for people with specialist needs. Research has evidenced that many individuals achieve better health and well-being outcomes from living in the type of supported but independent housing provided by FAH, as compared to living in institutions, residential care or privately rented accommodation.
Financial savings	<p>In some cases, FAH investments are generating cost savings for local authorities. Northamptonshire County Council estimated that the costs of supporting older people in Extra Care housing can be half the gross cost of residential care placements.</p> <p><i>"FAH is providing social investment that helps deliver on housing targets for the types of accommodation that provide both cost savings and improved social outcomes."</i> <b>Local government representative, Tendring District Council</b></p>



# Review of Investments

	Location	Amount committed	Type of property	No. of units	Potential no. of residents
Midland House	Luton, Bedfordshire	£7.3m	Homelessness accommodation	78 x 1&2-bed flats	78
Rosebank Park	Harwich, Essex	£9.3m	Extra Care for over 55s and learning disabilities	70 x 1&2-bed apartments	c.105
Beaumont House	Walton-on-the-Naze, Essex	£8.2m	Extra Care for over 55s	60 x 1&2-bed apartments	c.90
Independent Living	England-wide	£24.4m	Care in the Community for people with learning or physical disabilities and mental health issues	32 x residential properties	103
Balmoral Road	Northampton, Northamptonshire	£15.6m	Extra Care for over 55s	80 x 1-bed apartments	c. 120
Island Point	Tower Hamlets, London	£29.7m	Social & affordable rented and shared ownership homes	173 x 1 to 5-bed homes	c. 450
Landmark Pinnacle	Tower Hamlets, London	£12.1m	Shared ownership homes	35 x 1&2-bed apartments	c. 50
Total		£106.6m			c. 1000




Beaumont House, Walton-on-the-Naze, Essex



Island Point, Tower Hamlets, London



Midland House, Luton



Property type


Homelessness hostel

Investment date

October 2015

Total potential number of residents

78



Location: Luton

Context and social need

There is a homelessness crisis in the town of Luton.

In 2016, Shelter, the national homelessness charity, named Luton one of the top homelessness hotspots in the UK with 3,458 homeless people in the borough, one in 63 people – the highest ever in Luton.

In response, Luton Borough Council has launched a Homelessness Prevention Strategy 2016–2021, a five-year plan which includes seeking to halve the number of people sleeping rough by 2021. This is a joint strategy between Luton Council and the Luton Clinical Commissioning Group focusing on prevention and early intervention through multi-agency working across the public sector, voluntary & community sectors and other partners.

YMCA Bedfordshire is one of several local charities working with the borough council to help tackle homelessness.

Project description

Midland House provides temporary accommodation for vulnerable homeless people and individual support through guidance and signposting to other services to help residents regain independence and reintegrate into the community. The project was completed and opened to residents in June 2016.

Eligible residents are those aged between 18 and 64, both male and female who fit into a Low Risk category. The emphasis is placed on tenancy sustainment and helping residents manage housing related matters, including housing benefit, personal benefits and budgeting advice. Further identified support needs are signposted to appropriate external agencies. The maximum stay is two years, with an expectation that the majority of people will move on to more permanent housing within one year.

Midland House was originally an office block which has been converted into a 78-bed hostel with the support of FAH funding. It is well-situated on King Street in the town centre. The hostel was completed and handed over to YMCA Bedfordshire in June 2016. It comprises: 72 bedrooms in two bedroom clusters, each with a small lobby, kitchen and bathroom; and a fourth floor of six single occupancy 1-bed flats.

The hostel provides high quality accommodation and does not have an institutionalised culture or ‘feel’ which homeless people often dislike. Rather it is designed to give residents a sense of independence and operates as a block of flats – there are no curfews, residents have their own keys and while there are House Rules, these are enforced with a sense of fairness and in consultation with residents.





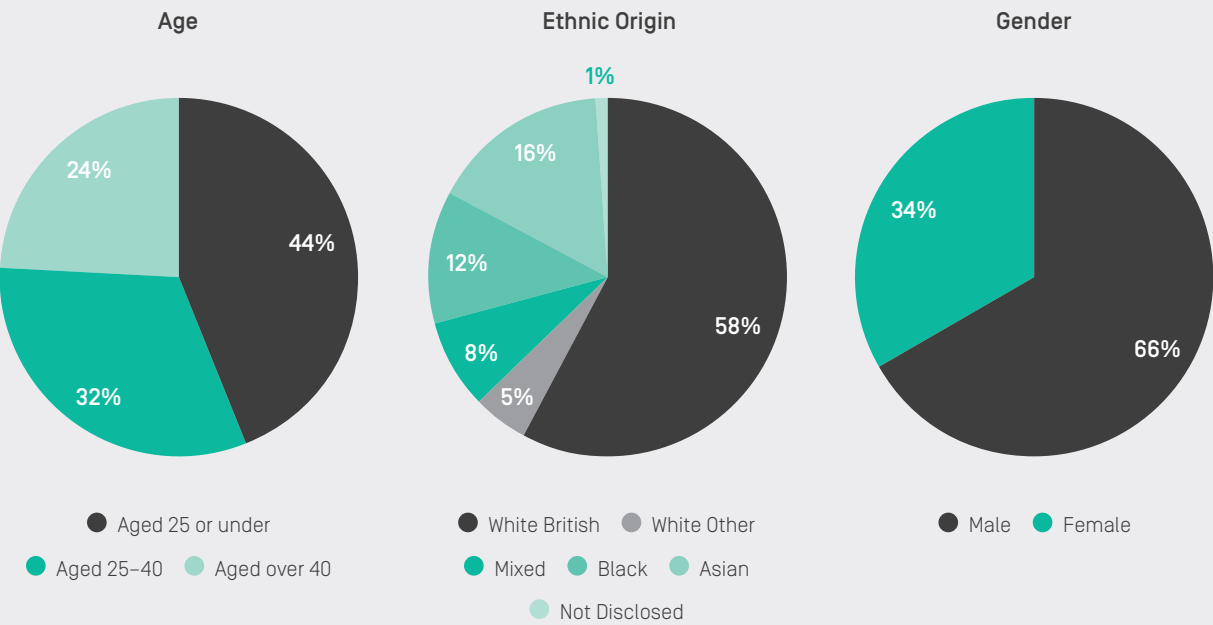
Impact summary

Midland House has experienced high levels of demand since opening and has been full since the second month of operation. When a resident moves on most rooms are reoccupied in 24 to 48 hours.

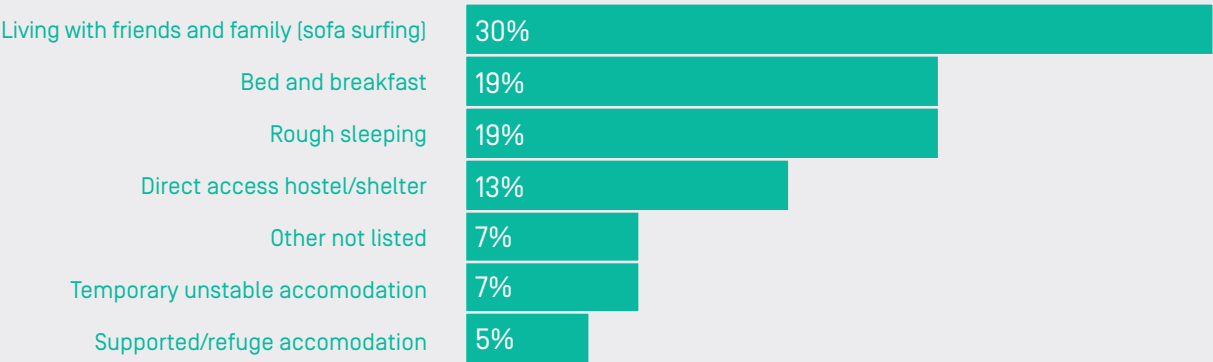
Who benefits

No. of referrals over a 12 month period for 78 places.

532	referrals of which
159	placements
93	refused as did not meet eligibility criteria
25	did not attend interview and uncontactable
20	withdrawals following interview and acceptance
48	accepted but no accommodation available – placed on waiting list
188	still open/to be assessed



Former housing situation



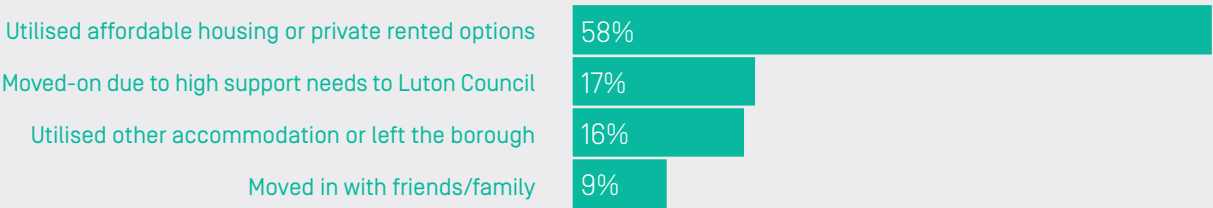
How do residents benefit

The Key Performance Indicators for Midland House to measure how residents benefit are:

- 1. Planned versus Unplanned departures; and
- 2. At an individual level, resident's progress against the 'Outcomes Star'.

A planned move is when the resident has left on mutual terms with YMCA staff support to a more suitable and sustainable form of accommodation. This would include affordable housing, private rented accommodation or moving in with family or friends depending on the individual's needs and circumstances. An unplanned move includes abandonments, unplanned evictions and entering police custody.

For the 41% who moved in a PLANNED method:

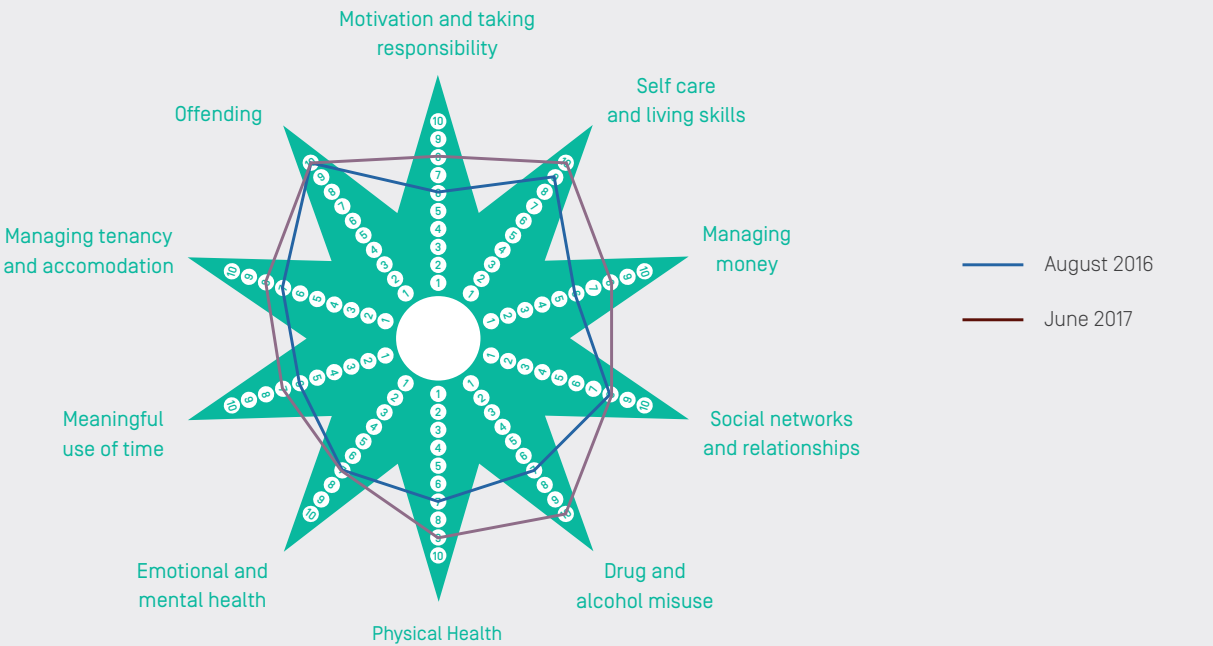


Individual outcomes

YMCA Bedfordshire uses the Outcomes Star (OS) for homelessness as the basis of outcomes tracking for individual residents. The OS has 10 dimensions, each with 10 stages, and is used to track the individual's journey of change to a point where they are equipped for independent living. Midland House staff aim to review progress with each resident every three months.

Outcomes Star analysis (sample of 9 residents)

The star below shows the median scores for 9 residents tracked over a 10 month period from August 2016 to June 2017.



- All residents progressed in terms of their level of motivation and taking responsibility, managing money and physical health.
- There were significant improvements in reducing alcohol and drug use, particularly for two residents who have become clean since their stay in Midland House.
- Social networks, mental well-being and meaningful use of time are three areas with a wider variance in experience.
- Four residents experienced an improvement in their emotional and mental health, three saw no change and two individuals experienced a decline. The underlying causes are individual. One Pakistani young woman's mental health has declined after she left an abusive arranged marriage and has since seen a breakdown in all her social networks and family relationships.

YMCA staff use the Outcomes Star as a framework for a conversation so both the resident and the support worker can reflect on the resident's strengths and challenges and agree a shared action plan. It is a collaborative tool which works because it is underpinned by a sense of hope and belief that even when things are bad, positive change in some way is always possible.

See [www.outcomesstar.org.uk](http://www.outcomesstar.org.uk) for more information.

## Case studies

### Dave's story

Dave fell into drugs, drink and homelessness after his girlfriend died when he was 25.

*"I couldn't deal with my emotions."* He ended up being homeless for 10 years, often living on the streets with a short spell in prison. Six years ago Dave moved into the YMCA in Bournemouth and started to rebuild his life with the help of a support worker. He moved to Bedford to be nearer his family and with the support of YMCA Bedfordshire staff he reconnected and rebuilt relations with his parents and siblings. Since moving into Midland House he has started methadone treatment as a first step to becoming drug free.

*"YMCA Bedfordshire has been brilliant to me. It's taken a long time but I am finally becoming clean. I'm now bidding for affordable housing with the help of staff at Midland House. I first want to get my own place and then I'm going to focus on getting a job and rebuilding my life. I'm nearly 40 and determined not to fall back down again. For the first time in my life, I feel positive about my future."*

### Susan's story

Susan grew up in a village in Scotland and moved to England in her twenties and became a specialist paediatric nurse. *"I loved my job and I was good at it."* Susan's life collapsed when she was convicted of mortgage fraud, a crime that she says she never committed and, at the age of 45, was given a six-year prison sentence. In the end she served fourteen months, but it led to deep trauma. She was struck off the nursing register and ended up working as a receptionist for a charity. She re-married but several years ago her relationship started to deteriorate and last year she left home due to domestic violence. She went to a women's refuge but was told she had to leave as she was not 'vulnerable enough'. With nowhere to go, Susan self-referred to Midland House and was taken in.

*"I'm very grateful to Midland House. I feel supported here and the staff are always there for me. The quality of the accommodation is excellent. I've become like a mother figure to many of the residents which I enjoy. I'm now looking to move to permanent housing but I'm hoping to stay connected to Midland House."*



What single most important difference has Midland House made to your life?

*"The YMCA has helped me on my way to a future I feel proud about."*

*"The staff have reached out and made me communicate and enabled me to ask for help. I now have good friends who I will stay in touch with after I leave. I didn't expect that."*

*"Living here has made me feel safe. As a woman, feeling safe and secure is the most important thing."*

## THE GOOD ECONOMY

## Assessment

**The opening year (July 2016 to June 2017) for Midland House was challenging given the size of the scheme.** In the first six months there were some issues with anti-social behaviour due to residents being selected who were not suitable for this type of living arrangement. As a result there were a number of evictions which resulted in higher than expected unplanned departures.

**During the following six months the situation improved with a positive atmosphere developing with clear evidence of improving outcomes for residents.** Midland House management have set themselves a target of at least 75% planned departures for their second year compared to 41% in year one. They will also evidence how they are making a real difference to residents' lives using Outcomes Star data.

**The management team are open and honest about their experience, have learnt lessons which have led to great improvements in service delivery and have a strong commitment to**

**continuous improvement.** A more rigorous, criteria-based selection process is now in place to ensure residents are selected who respect the accommodation and are willing to abide by House Rules (e.g. no drinking or drugs on the premises) and there is a full team of staff with a good mix of skills and high levels of motivation to achieve positive outcomes for residents.

*"It has been a tough first year, but the situation has been stable and consistent for the first half of 2017, I expect us to achieve even more positive outcomes and move-ons for our residents through 2017/18."*  
**Junayd Hanif, Project Manager**

Overall, we were very impressed by the drive and commitment of the Project Manager and staff team to make Midland House a place where residents feel safe and happy and have the opportunity to stabilise their lives and be supported to move on to permanent accommodation and fulfilling lives. Residents spoke highly of the staff and appreciated the quality of accommodation and support.



Rosebank Park and Beaumont House, Essex



**Property type:** Supported living for older people (Extra Care)

**Investment date**  
December 2015

**Total potential number of residents**  
c. 195



**Locations:**  
Harwich and  
Walton-on-the-Naze



**Context and social need**  
**Harwich and Walton-on-the-Naze are seaside towns on the Essex coast, with a high proportion of older people living in poverty and an under-provision of suitable housing.** There are around 5,000 individuals aged 55+ on the social care register in Essex who require 4 to 16 hours of care per week (qualifying criteria for Extra Care accommodation). It is estimated that 1,000 of these individuals have been inappropriately placed into residential care due to the shortage of Extra Care accommodation across the county.

In 2015, Essex County Council launched its Independent Living Programme for older people with a target of helping to deliver 2,500 Extra Care units as either social or affordable rented units, or affordable ownership by 2020. This project helps deliver suitable accommodation to meet this social need in a way that achieves positive financial and social outcomes for the local authority, Tendring District Council.

- Project description**  
**FAH's investment has financed the building of two Extra Care housing schemes for people over the age of 55 with care needs of between 4 and 16 hours a week:**
- Rosebank Park, Harwich:  
70 x 1&2-bed apartments for Extra Care.
  - Beaumont House, in Walton-on-the-Naze:  
60 x 1&2-bed apartments.

The properties comprise attractive, self-contained housing that is designed to enable people to retain their independence. As well as apartments, the properties have a communal space for social activities; a dining room; and amenities such as a bar and courtyard garden. Both properties have 24/7 care and support staff on site, and the Harwich property is co-located with a local medical centre.

One Housing Group (OHG), a leading provider of social and affordable housing in London and the South East, is responsible for the management of the properties and provision of the majority of the care and support services.

Rosebank Park opened in January 2017 and Beaumont House in June 2017. All residents are selected by a Nominations Panel made up of representatives from Essex County Council, Tendring District Council and One Housing Group. Priority goes to residents from the local area with an aim to achieve a balance of individuals with different levels of care need. An interview with the Tendring District Council representative confirmed that the nominations process is working well. Capital grant support from Essex County Council has ensured the apartments are available at below market rent level.



**Case study**

**Gaby's story**  
Gaby moved into Rosebank Park when it first opened. She lived locally but was getting to the point where her physical disabilities meant it was increasingly difficult to cope with living alone. *"I love living here. I have a ground floor flat that overlooks the courtyard and have brought my own furniture so this really feels like home. My sister visits me three times a week. The staff are very friendly and provide all the support I need."*



## Impact summary

At the end of June 2016, 41 apartments had been filled at Rosebank Park by 46 residents as part of a phased occupation. 1 or 2-bed apartments are allocated depending on need. Eight residents have come from affordable housing which has freed this up for other people on the housing list. Nominations are underway for Beaumont House and three residents have moved in. Both properties are expected to be full by the end of the year.

We talked to ten residents at Rosebank Park. This represented a good mix of residents in terms of age, gender and level of care need. All were delighted by the high quality of the accommodation and the friendliness and professionalism of the staff. There is already a positive atmosphere in Rosebank Park with residents socialising with each other and enjoying events, such as dances and concerts.

Residents have taken the initiative to organise a Resident's Association through which they provide feedback to staff both positive and negative. Staff are very responsive to feedback and ensure that all aspects of the scheme are looked into, from meal choices to maintenance issues.

The accommodation is viewed as affordable and good value for money by the residents living at Rosebank Park. The majority interviewed have their rents paid through government housing benefit with one self-funded resident. The local authority and OHG are promoting the properties, including to people in residential care who might be better suited to supported living.

### Jobs Created/Benefits During Construction

The construction of Rosebank Park and Beaumont House was carried out by EJ Taylor, a local, family run construction business. The projects created the following local employment and benefits:

- 372 construction jobs created of which 107 workers live within a 30 mile radius.
- 17 people gained skills qualifications on-site e.g. crane operator, fire marshal, first aid.
- 12 youths (18–24) employed.
- 10 long-term unemployed (over 27 weeks) found employment.
- £12.4 million spent on suppliers and labour inside 30 mile radius.



## Case study

### Edgar and Julie's story

Edgar and Julie are a married couple who have moved into a 2-bed apartment on the first floor in Rosebank Park with a view of the sea. Julie has a chronic long-term health condition and before moving into Rosebank Park was very depressed. "I hadn't got out of my pyjamas and left my house in three years. It was like being a prisoner in my own home." Edgar, her husband pitches in: "Our previous situation was awful. It got to the point where I couldn't care for Julie on my own. A social worker assessed our situation and we got referred to Rosebank Park and accepted. Being here has transformed our lives. It's absolutely brilliant. It's like living in a five star hotel. And Julie's carer is an angel."

What single most important difference has Rosebank Park made to your life?

*"It has provided me with a comfortable, happy place to live where I can still see my family but can live independently."*

*"It couldn't be better. Living here has transformed our lives. The quality of the accommodation is brilliant, the staff are wonderful and we have a good social life with the other residents."*

*"It has lifted me. Being properly cared for and having people to talk to has made me much happier."*



## Case study

### James's story

James is severely disabled and in a wheel chair. "Before I moved here, I was being cared for by my brother or should I say "uncared" for. He's getting old too and stopped properly feeding and washing me. Social services got involved. My social worker was brilliant. She was the one who introduced me to Rosebank Park. I cried when I first saw the walk-in shower and met the carers. I was very down before but living here has lifted me. The staff and other residents are brilliant. Now I feel cared for and have a social life."



## THE GOOD ECONOMY

We were extremely impressed by the quality of the design and accommodation at Rosebank Park and Beaumont House which was echoed by the very high levels of satisfaction of the residents. The staff are professional, provide high quality care and are responsive to listening to residents' questions and concerns. There was a strong sense of community and tangible evidence that this accommodation is improving lives.

The project is delivering on its goal of meeting the need for specialist supporting living accommodation and moving older people out of affordable housing so freeing up affordable housing for other individuals and families on the housing list.

## Assessment

Ongoing coordination and effort is needed between Essex County Council and the local council to promote the properties and ensure they are filled efficiently.

Overall, this project has got off to a very good start and has demonstrated in practice how having partners with aligned objectives – in this case local government, Ashley House the developer, and OHG – can deliver high quality accommodation that meets peoples' needs. It is clear that the combination of living independently yet having care on-site works very well for some older people and meets FAH's objective of delivering both social benefits and financial returns.



Independent Living, England-wide



**Property type:** Care in the Community for vulnerable people

**Investment date**  
October 2016

**Total potential number of residents**  
103



**Location:**  
England wide

**Context and social need**  
There are hundreds of thousands of people with disabilities who are in inappropriate accommodation simply through lack of sufficient suitable alternatives [Mencap]. The Winterbourne View scandal in 2011, where a Panorama programme exposed the physical and psychological abuse suffered by people with learning disabilities and challenging behaviour at a care home, was a wake-up call. The programme highlighted the need for urgent attention to ensure that people with special care needs are appropriately housed and have good quality care.

In response to this challenge, the government has made a commitment to deliver more Specialised Supported Housing (SSH). This provides housing and care in the community for those with learning or physical disabilities, or with mental health issues and is evidenced to provide greater independence, dignity and well-being than institutional care. There are also cost savings for central and local government, and the NHS.<sup>1</sup>

FAH has purchased a portfolio of SSH which will help secure accommodation for vulnerable adults and contribute to new SSH being developed through reinvestment of the capital received by the vendor.

**Project description**  
The project comprises 32 individual properties which together can house 103 residents. These include terraced housing, bungalows, detached properties and two larger properties. All are existing 'ordinary houses in ordinary streets' enabling residents to live in a normal environment.

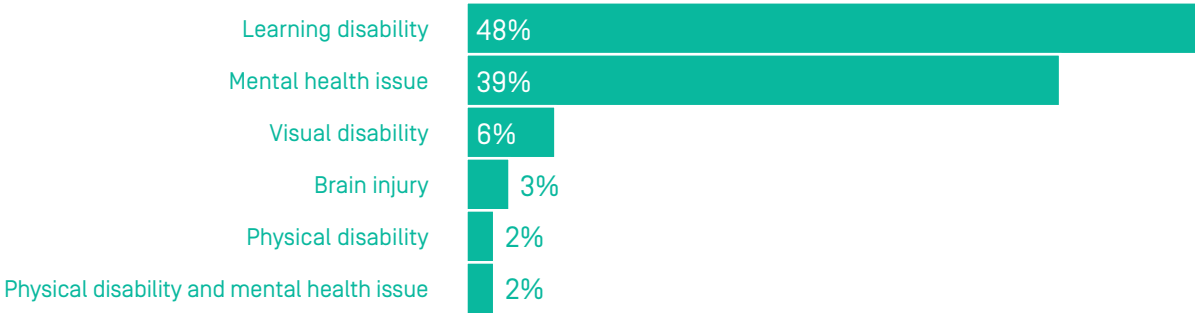
First Priority Housing Association (FPHA) are the housing manager responsible for management and maintenance of the properties. FPHA is a not-for-profit Registered Provider established in 2014 with a focus on supported housing for vulnerable adults across the UK.

Care provision for residents is provided by 11 independent care providers who are commissioned by the local authority and regulated by the Care Quality Commission (CQC). Some of the residents require 24/7 support and care as a result of their learning or physical disabilities, or mental health issues.

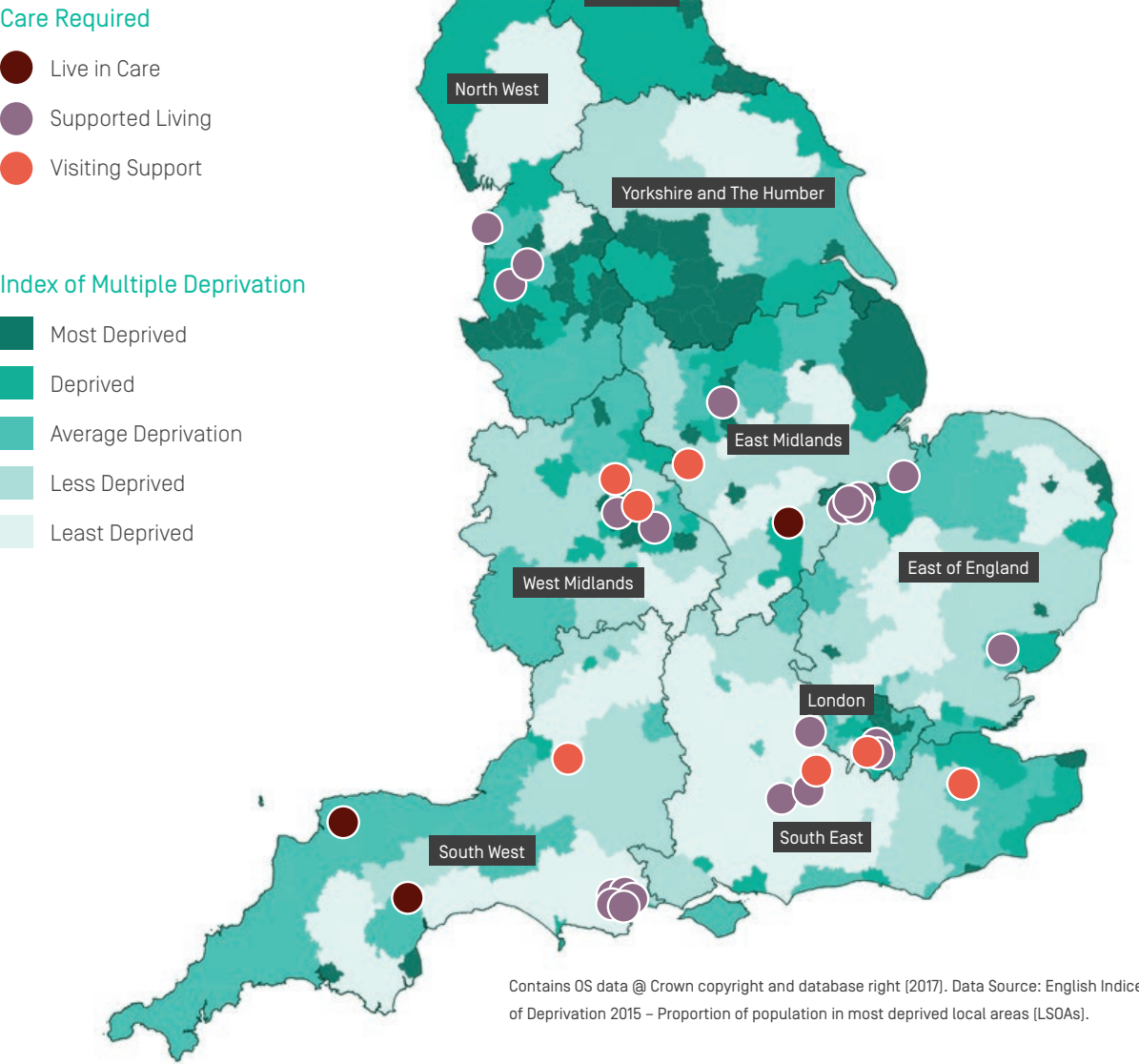
In 2017/18, TGE will carry out a resident survey to understand who is benefitting from this accommodation, how they benefit and if there are any areas for improvement.

1. See *Supported Accommodation Review, the scale, scope and cost of supported housing*, DWP/DCLG, November 2016 and *Future of Supported Housing*, First Joint Report of the Communities and Local Government and Work and Pensions Committees, May 2017.

Percentage of residents by need



Independent Living properties





## Impact summary

TGE has carried out site visits to four of the Independent Living properties and interviewed FPHA staff, four of the care providers and residents.

### Quality of Care

Quality of care is assessed and regulated by the Care Quality Commission (CQC). FPHA confirmed that they audit care providers before investment and will not invest if a care provider is not on a Local Authority's preferred provider list. Most care providers are on a local framework agreement. FPHA regularly monitor CQC reports. FPHA officers stated that they carry out regular visits to the properties (every time there is a change of resident and on average quarterly) and if they had any cause for concern over the quality of care they would call for a meeting with the provider and, if necessary, report their concerns to the local authority. FPHA commented "We are not in control of how care is provided, but we are proactive."

At the four properties visited we were impressed by the compassion and commitment of the on-site carers and felt that the residents were well looked after and positively supported. There was a clear focus on outcomes and the well-being of residents.

### Delivering social outcomes

Evidence suggests that this type of supported housing delivers better outcomes for individuals.<sup>2</sup> This was reinforced by the interviews with carers who all confirmed the 'home-like' environment was much better for residents than being in an institution. They also confirmed that their work is focused on delivering better outcomes and that this person-centred care approach and outcome-focus is at the centre of new contracts with local authorities.

In two of the properties visited, residents had learning disabilities and the focus was on encouraging the residents to be independent and active. The carers develop individual support plans with the residents to suit their specific needs. For these residents, the goal is to support them towards employment and independent living. Other properties provide a home for life for people with severe disabilities.

### Employment practices and earnings

Employment practices and pay are important in the care sector. FAH is committed to ensuring carers are paid fairly and treated well by their employees.

Interviews revealed a range of pay levels between different care providers with, for example, two London providers paying substantially different hourly rates of £9.00 and £7.50. The £7.50 rate is the Government's National Living Wage (previously known as the minimum wage but this term now only applies to under 25s who earn less). However, it is below the rate recommended by the Living Wage Foundation, which advocates for pay levels based on the real cost of living; their recommended hourly rate is £8.45 for the UK and £9.75 for London. Employers can choose to pay the real Living Wage on a voluntary basis.

Care budgets are agreed by local authorities and care commissioners and it is not in FAH or FPHA's power to affect pay levels. However, FAH encourages FPHA to work with care providers to ensure there is fair pay.

### Resident Engagement

Given the care needs of the individuals concerned, resident engagement also often extends to the families. Both care providers interviewed confirmed that the relationship with the resident and their families is very important and typically families are very pleased with the living arrangements.

## Case study

### Darren's story

Darren suffers from brain injuries and moved into independent living in Blackpool in November 2015, a 5-bedroom mid terrace house that he shares with two other residents and a carer. He had been living alone until about 2012 but was not thriving; his weight had dropped to 9 stone and he was not coping well. His social worker then arranged for him to be moved to a care home. But he said he felt like he was just existing. He lived there for three and a

half years before moving to Redbank Road. "This property feels like home and my family live nearby. It's much better. I get on well with the other resident and the carers." Darren is very proud of his home. He is very happy there, well supported and cared for, and thriving well physically [he is eating well and looks after himself with support from the carers]. Darren hopes to live at Redbank Road indefinitely.



## THE GOOD ECONOMY

## Assessment

Such Specialised Supported Housing (SSH) provides housing combined with live-in care for people with learning or physical disabilities or mental health issues and aims to provide greater independence and a better quality of life than institutional care. FAH's investment is helping meet the high unmet demand for this type of supported living arrangement as the majority of the proceeds of the purchase will be reinvested by the developer to deliver additional supported housing.

Site visits and interviews with carers confirmed that residents are being well looked after and positively supported by their carers and that this 'home/family'

set-up is very positive for residents and also appreciated by their families. There was a clear outcomes focus and evidence that residents' quality of life improves once moved to this type of accommodation.

It is important to ensure that there are good communications between FPHA and the local care providers, such that roles and responsibilities are clear and repairs and maintenance are done on time. In some instances, this needs improvement.

TGE would also encourage all care providers to pay the voluntary Living Wage as recommended by the Living Wage Foundation.

2. See evidence gathered in *Future of Supported Housing*, First Joint Report of the Communities and Local Government and Work and Pensions Committees, May 2017



Balmoral Road, Northampton

**Property type**  
Supported living for older people (Extra Care)

**Investment date**  
June 2017

**Total potential number of residents**  
c. 120

**Location:**  
Northampton

**Context and social need**  
This project fits with the strategic objective of Northamptonshire County Council's (NCC) Social Care Accommodation Strategy for Older People 2016–2021 to increase the range of housing and care options for older people so promoting greater independence and choice. Current projections show that provision across Northamptonshire, over the next 20 years, will need to double to meet demand.

Due to the increasing older person population, NCC are working with various providers to increase the range of specialist housing which can support a wide range of service users. This includes Extra Care housing options which research shows can better meet the needs and aspirations of significant numbers of older people to maintain active, independent lifestyles.<sup>3</sup>

**Project description**  
FAH's investment comprises the forward funding of 80 x 1-bed new build specialist supported living apartments for older people in Northampton. The project is being developed by HB Villages Development Ltd in collaboration with NCC. On completion, HB Villages will deliver the property to Plexus UK (First Project) Ltd,

part of Mears Group plc, which specialises in managing this type of property. It is envisaged that Mears Care will provide care services.

This is an innovative project which integrates the use of adaptive technology – technology enabled care solutions to help people live more independently. HB Villages works in partnership with ATEL, a company that is pioneering smart living technology. This will be one of the first schemes to trial it in the UK.

HB Villages is aware that a risk of the use of technology is that face-to-face human contact will be reduced as the priority is saving money. HB Villages' model of Extra Care housing aims to avoid these problems by working collaboratively with the commissioner, support provider, health and social care professionals, and residents to design both building and technology as an integrated whole in response to the way people want to lead their lives. The care team will be trained in the use of technology. For example, currently Mears Care might provide a person to watch someone through the night if they need regular turning. However, with the technology this person could be observed using a monitor and a care assistant would

3. See, for example, Housing Learning and Improvement Network (LIN) Case Study 93, The benefits of extra care housing on the quality of life of residents: The impact of living in Campbell Place, Fleet, August 2014.



only need to attend if the person hadn't turned naturally in their sleep.

This project is expected to deliver both financial and social outcomes and provide better value for money than Residential Care. NCC's strategy states that placements

in Extra Care cost on average £124 per week, whereas the average cost for Non-Dementia Residential Care home placement is £465 per week.

The project is currently under construction and expected to be completed by the end of 2018.

Usual cost models for Residential Care and Extra Care Housing	
Residential Care	Extra Care Housing
Accommodation: usually a single bedroom	Accommodation: personal apartment
Use of communal lounges and dining area	Communal facilities including dining activities and health and well-being support
Meals and personal care services 24-hours a day with a specific care plan in place	24-hour care staff with personal care plan in place
Fee is paid by the person themselves if privately funded or a significant contribution made by Adult Social Care (ASC) if the person is eligible for financial assistance	Supported housing services, manager, call centre
	Housing costs are separate and ASC are only responsible for care and support costs with assessed contributions from the service user, or fully funded by private paying service users
Source: NCC Social Care Accommodation Strategy for Older People, 2016–2022	

THE

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ECONOMY

Assessment

Northamptonshire County Council have clearly evidenced the social need for this type of Specialist Supported Living Accommodation as a direct alternative to residential care. This project is the first of its kind for the main partners – HB Villages, ATEL and Plexus/Mears Housing Management. All parties are experienced and have a clear outcomes focus and commitment to designing and managing accommodation that will provide

residents with a good quality of life. They also plan to replicate the model elsewhere. The use of adaptive technology is an innovative feature. The uptake and benefits of this technology will be assessed as part of the Annual Impact Review.

Overall, this has the potential to be a high impact project delivering both high quality accommodation for older people and cost savings for local government.



Island Point, Tower Hamlets, London

POPULAR HARCA

Property type: Social & affordable rented and shared ownership homes

Investment commitment date  
June 2017

Total potential number of residents  
c. 450

Location:  
Tower Hamlets,  
London



Context and social need

**This project responds to the urgent need for affordable housing in Tower Hamlets, one of London’s poorest boroughs.** Nearly half of all households in the borough live in income poverty, and demand for housing in Tower Hamlets far outstrips supply. The shortage of genuinely affordable housing has led to high numbers of homeless families and thousands of families living in overcrowded properties. As of January 2017, there were nearly 19,000 applicants on the housing list, with some individuals having been on the waiting list for more than 10 years. This project is part of the section 106 planning obligations for the Landmark Pinnacle development (which is detailed in the following section).

Project Description

**The project comprises the purchase of 173 affordable homes to be built on an old factory site at Westferry Road on the Isle of Dogs** in the London Borough of Tower Hamlets (LBTH). Work started on site in June 2017 with completion expected towards the end of 2019.

63% of the 173 properties are to be social rent and so will benefit those on low incomes. Chalegrove Properties Ltd will oversee the construction of the Island Point homes, and Poplar HARCA will manage the homes. Poplar HARCA is a well-established and award-winning local housing association that owns

and manages around 9,000 homes in a 4-square mile area centred around Poplar.

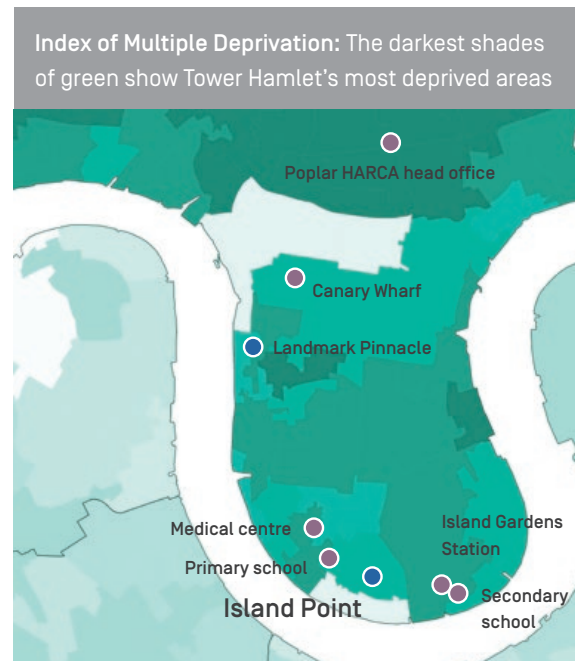
This is a good-sized development that will provide a mix of one to five-bedroomed flats and town houses rising from two to six storeys. This is in line with the recommendation of the LBTH Strategic Housing Market and Needs Assessment 2009 to create a more balanced housing stock: “future market development proportions should be 80% 1&2-bed and 20% 3&4-bed units.”

Poplar HARCA estimate that the housing development will house 400 to 500 people. The lettings policy will be to help alleviate overcrowding problems elsewhere, including freeing further existing affordable homes for others on the waiting list. The project is in a very good location on Westferry Road, a short walk from Island Gardens station on the Docklands Light Railway (DLR) with good access to local schools and a GP surgery.

Poplar HARCA seek to support the development of a vibrant and sustainable local community. They plan to have a well thought through allocations policy that will ensure a balanced mix of residents with a view to housing people who want to live in the local community for the long term. In the words of Andrea Baker, the Director of Housing: “*having a new community of housing to manage is absolutely amazing.*”

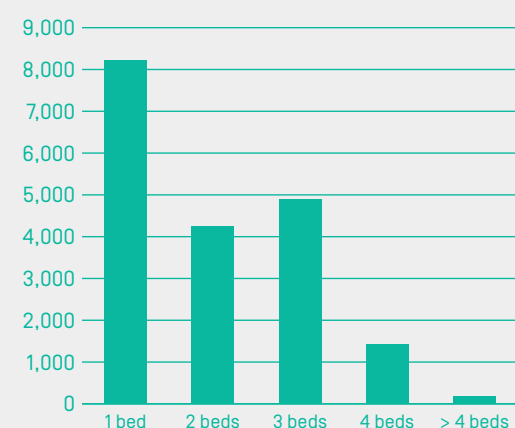




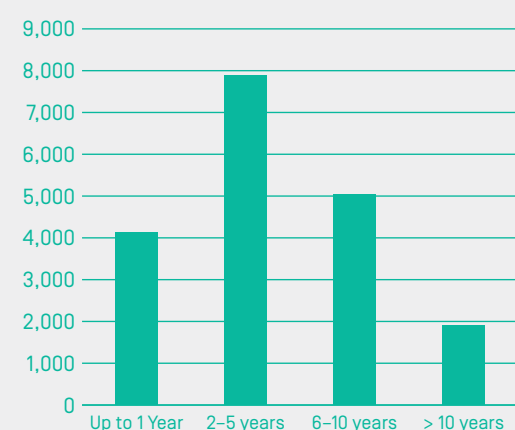


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Data Source: English Indices of Deprivation 2015

LBTH applicants by number of beds



LBTH applicants by current length of time on waiting list



Source: Tower Hamlets Housing List, January 2017. See also London Borough of Tower Hamlets (LBTH) 2016-2021 Housing Strategy, Building New Homes and Communities in Tower Hamlets.

THE  
GOOD  
ECONOMY

## Assessment

Through this project, FAH is supporting LBTH to deliver on the section 106 requirement for the Landmark Pinnacle development. This is a good investment for FAH enabling it to support the new build of affordable housing in Tower Hamlets, one of London's poorest boroughs where there is an acute need for more affordable housing. The development is well-located, of a reasonable scale (173 homes), provides a good mix in tenure (social, affordable and shared ownership) and bed size (1-5 bed). Significantly 63% of the properties would be social rent and benefit those on low incomes. Poplar HARCA is a well-established and award-winning local housing association. TGE were impressed by the energy and commitment of the management team to the local community and their achievements in terms of community regeneration and service provision beyond housing. In our opinion, Poplar Harca appear to be an excellent housing management partner. Overall, this project meets all FAH's social assessment criteria and delivers on FAH's core social objective of providing new affordable housing for those in social need.

## Review of Investments

## Landmark Pinnacle, Tower Hamlets, London

	<b>Property type</b> Shared ownership homes	
	<b>Investment commitment date</b> June 2017	
	<b>Total potential number of residents</b> c. 50	

### Context and social need

**This project responds to the urgent need for affordable housing in Tower Hamlets, one of London's poorest boroughs, yet where there is also extreme wealth.**

This project is situated right next to Canary Wharf. It provides a shared ownership opportunity for those with middle incomes but who cannot afford market property prices in the area. The development is part of the section 106 planning obligations for the Landmark Pinnacle development which also comprises 173 affordable homes on the Island Point site (see previous section).

### Project description

**The project comprises the option to purchase 35 shared ownership apartments out of a total of 70 to be provided in the Landmark Pinnacle tower, a new residential development in Canary Wharf.**

Poplar HARCA will purchase the other 35. Work has started on-site and is expected to be completed late in 2019.

The development is in a prime location on Westferry Road less than 5 minutes from Canary Wharf and is likely to prove attractive to young professionals working in or near Canary Wharf. The project does not deliver housing to those in greatest social need but supports those individuals or couples on modest London

salaries. However, as Chris Clarke, Projects Director at Poplar HARCA put it: *"the construction of Landmark Pinnacle delivers the Island Point affordable housing scheme for those on low-incomes and provides additional shared ownership homes in the tower itself."*

Affordability is a key issue for this project. The Landmark Pinnacle shared ownership studios are likely to be priced around £450,000 and 2-bed apartments up to £750,000 and ordinarily would not be affordable to those on the maximum allowed income of £90,000





## THE GOOD ECONOMY

## Final Reflections

FAH is delivering on its social objective of increasing the provision of quality, affordable homes for those in social need. It has launched a scaleable investment model that is attracting private investment from those new to affordable housing, at a scale that is allowing significant new housing development. We have been excited by our visits to the finished schemes and have seen first-hand the commitment of housing staff and the difference having a quality home and the right support can make to improving people's lives.

TGE will continue to monitor FAH investments and draw out evidence of impacts made, insights and lessons learned. Experience from the investments made has shown that:

- **Social investment works.** FAH is demonstrating that social impact investing can help deliver on the urgent need for affordable housing for the benefit of those in greatest need. Of particular value is that FAH offers capital for the forward funding of new housing developments accelerating the delivery of new and additional affordable homes. Increased awareness is needed of the role of social investment among housing associations and local authorities so that the best use is made of new flows of private capital.
- **Partnerships matter.** FAH understands the importance of partnerships between Registered Providers, local authorities and care providers to ensure schemes respond to local social need. Bringing in developers and contractors who understand and support the social motivations behind these schemes is equally important.
- **Housing delivers multiple social outcomes.** The FAH projects show how having a home that is of high quality, well-located and with appropriate care and support can transform lives. We have seen first-hand how having the right housing and support improves well-being, health and opportunity and improves residents' quality of life. We thank all residents who generously gave us their time.

Big Society Capital, who helped launch the fund in 2015 says:

*"We will use social investment to help provide a home for those most in need. We want to see social investment contribute to a fairer and more inclusive housing market that provides safe, secure and affordable homes to those in need and where the lives of vulnerable people are improved through housing that facilitates better care and well-being."*

FAH believes that residents' well-being should be at the centre of affordable housing policy and decision-making. In the mainstream capital markets housing is often seen as purely "real estate" investment, disconnected and without consideration for the people who live in the homes owned by investors. FAH takes a social impact investment approach – helping to connect private capital to communities and make sure that people and their quality of life stay at the centre of investment decisions.

in London under the shared ownership scheme. FAH has worked hard to ensure these properties are truly affordable. To allow individuals or couples whose incomes are modest for inner London to participate it is proposed to set the rent levels at 1.75% of remaining equity value (below the maximum allowed level of 2.75%). At a time when home ownership is becoming increasingly out of reach for many people, the opportunity to purchase such a property will be a positive achievement for those who are successful in securing one.

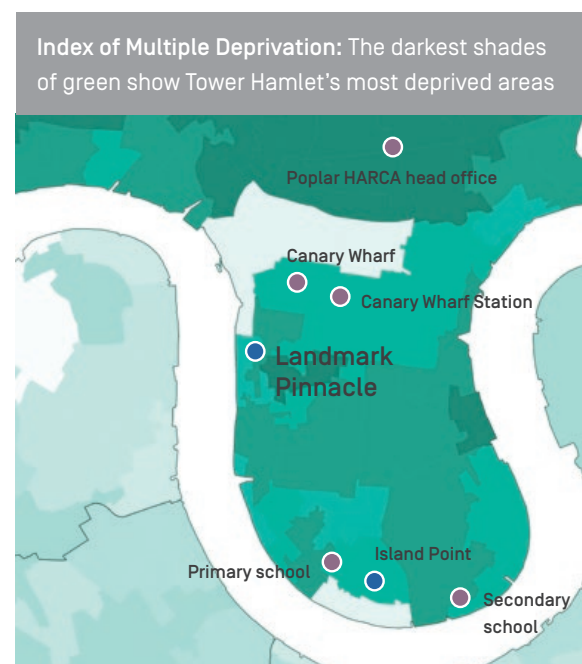
## THE GOOD ECONOMY

### Assessment

Tower Hamlets epitomises the wealth divide in London – it is, at the same time, one of the richest and one of the poorest parts of Britain. This project is on a road which is a physical dividing line between rich and poor and our site visits brought home the stark contrasts of different lives in London.

Through this project, FAH is enabling those on modest incomes to buy shared ownership apartments within Landmark Pinnacle, a new 75-storey residential development in Canary Wharf. Under shared ownership arrangements, rents of c.2.75% of the unsold equity can be charged but these apartments would be at the top end of the affordability spectrum for those who qualify for the scheme. However, FAHHA have ensured affordability by agreeing to set the rent levels for unsold equity at a reduced 1.75%.

This project provides less social value than the Island Point development. However, it is a good social investment for FAH as a combined investment with Island Point which delivers 173 affordable homes. Through these two projects, FAH is supporting the new build of social and affordable rented housing and shared ownership homes and making a much-needed contribution to meeting the acute need for more affordable housing in Tower Hamlets.



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Data Source: English Indices of Deprivation 2015



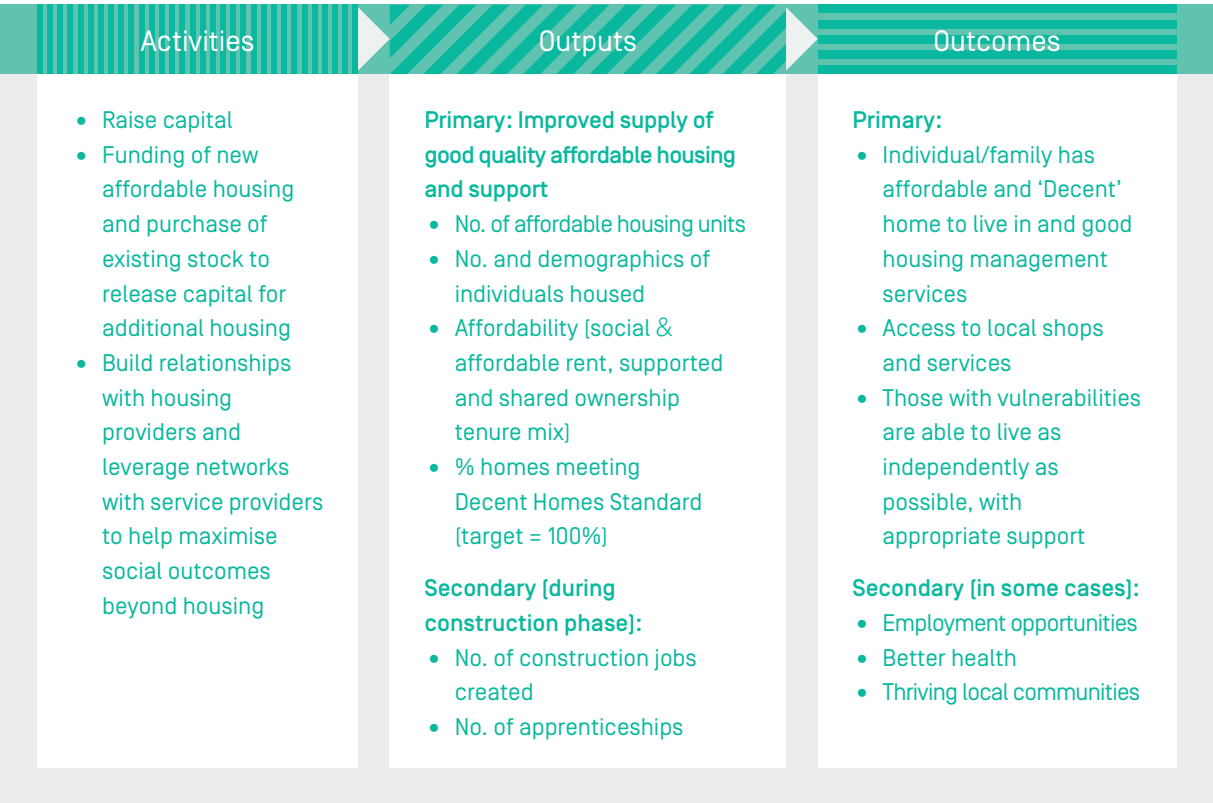
# Appendix 1

## Impact Assessment Methodology

Social impact adds a third dimension to the traditional financial investment considerations of risk and return. TGE designed an impact assessment methodology which ensures FAH integrates social impact considerations into all stages of the investment process.

### Theory of Change

A Theory of Change is a tool that shows the path for an organisation from need, to activities, to outcomes, to impact and provides a helpful framework to articulate, understand and measure how impact is created. Key elements of the theory of change and the indicators measured are presented in the diagram below:



### Social Impact Assessment Criteria

FAH assesses all potential investment opportunities for their potential to create social impact using the following six criteria:

- Social Need:** Are the properties being funded supplying accommodation to families or individuals from Local Authority waiting lists or who have been identified as having a specific housing need?
- Affordability:** Are rents genuinely affordable in the local market context?
- Delivery of social outcomes:** To what extent will the project deliver outcomes beyond housing that will make a difference to resident's lives e.g. employment opportunities, improved well-being?
- Resident engagement:** To what extent does the organisation delivering local housing services involve residents in management and take into account residents' views to shape services?
- Quality of management:** Is there a proven capability and track record of delivering high quality services?
- Additionality:** To what extent does FAH funding enable new, affordable housing to be delivered that would not otherwise have been built?

The FAH investment team carries out an initial screen of these criteria. If the project meets the minimum social performance threshold and is considered a viable investment opportunity, TGE carries out a more detailed social due diligence assessment which includes a site visit and understanding of social value creation from the perspective of all stakeholders – residents, housing associations, local authorities and developers. The social due diligence report forms part of the Investment Report which is provided to the FAH Investment Committee to inform their investment decision.

### Topic Guides for resident interviews

TGE prepares topic guides for all interviews that are suited to the type of accommodation and resident. Below are the types of questions we typically ask for the Independent Living accommodation.

- Personal circumstances at time that resident moved in
- Physical and mental health/learning challenges and support needs
- Personal history and pathway into needing care and support
- Family/social relations
- Barriers to obtaining accommodation/care services
- Sources of information and support
- Interaction with public agencies, for example: medical, social care, criminal justice system
- Journey into Independent Living (IL)
- How entry to IL facilitated/intermediated
- Level and type of care provided
- Initial expectations and how accorded with reality
- Experience of IL and how this has developed over time
- What has been most important aspects of IL experience
- What have been most important differences on a day-to-day level that moving into IL has made
- What has been learned/skills gained from IL experience (as relevant)
- What you want from the future after leaving IL (as relevant)
- What is seen as horizon for moving into stable housing/more productive life (as relevant)
- What has IL given you in planning for/achieving a stable/productive future
- What single most important difference has IL made to your life/future prospects

# Appendix 2

## List of Interviewees

Interviewee	Title	Stakeholder type
Dave	Resident, Midland House	Resident
Susan	Resident, Midland House	Resident
Stanley	Resident, Midland House	Resident
Gaby	Resident, Rosebank Park	Resident
James	Resident, Rosebank Park	Resident
Edgar	Resident, Rosebank Park	Resident
Julie	Resident, Rosebank Park	Resident
Darren	Resident, Independent Living	Resident
Paul Hunt	CEO, YMCA Bedfordshire	Housing provider
Nick Clements	Housing Manager, YMCA Bedfordshire	Housing provider
Junayd Hanif	Housing Manager, YMCA Bedfordshire	Housing provider
Helen Western	Business Manager, Mears Housing Management	Housing provider
Rosemary Bell	Managing Director, FPHA	Housing provider
Jonathan Wrigley	MD, HB Villages	Housing provider
Daniel Keane	Development Manager, HB Villages	Housing provider
Andrea Baker	Director of Housing, Poplar HARCA	Housing provider
Chris Clarke	Projects Director, Poplar HARCA	Housing provider
Babu Bhattacharjee	Director of Communities and Neighbourhoods, Poplar HARCA	Housing provider
Sarah Lanham	Director of Business Development, One Housing Group	Housing/care provider
Colin Langdon	Head of Delivery (Senior Living), One Housing Group	Housing/care provider
Georgia Philips	Manager, Rosebank Park, One Housing Group	Housing/care provider
Bridget Sutters	Development Manager, Lifeways	Care provider
Jane Underwood	Carer, Lifeways	Care provider
Kath Hobson	Head of Allocation and Lettings, Wycombe District Council	Local authority
Peter Russell	Housing Needs & Strategic Policy Manager, Tendring District Council, Essex	Local authority
Gary Heathcote	Head of Commissioning (Vulnerable People), Essex County Council	Local authority
Matt Bukowski	Social Care Strategies	Consultant
Jonathan Holmes	Commercial Director, Ashley House	Property developer
Linzi Knights	Project Manager, Ashley House	Property developer
David Kohler	MD of 41 KSL Limited	Property developer
Spencer Giles	EJ Taylor	Building contractor





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