

THE
GOOD
ECONOMY

RESIDENTIAL SECURE INCOME PLC

DECEMBER 2020



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HEADLINE RESULTS

► PORTFOLIO SUMMARY



196
SHARED
OWNERSHIP
UNITS



PROVIDING
AFFORDABLE
HOME OWNERSHIP



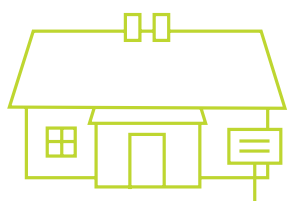
289
LOCAL AUTHORITY
TEMPORARY
ACCOMMODATION UNITS



PROVIDING HOMES
FOR THOSE AT RISK
OF HOMELESSNESS



2,223
RETIREMENT
RENTAL UNITS



PROVIDING SPECIALIST
ACCOMMODATION
FOR THE OVER 55s



AS OF 30TH SEPTEMBER 2020



► IMPACT SUMMARY

SHARED OWNERSHIP



In areas of high demand,
where home ownership
is out of reach



100% of homes brought
into affordable housing
for the first time



Strong partnership with
housing associations and
more homes planned

LOCAL AUTHORITY TEMPORARY ACCOMMODATION



In an area of high
need for this type
of accommodation



Potential savings to
the local authority of
£607k per year



Skills workshops and
other support offered
to residents

RETIREMENT RENTALS



Affordable, with 60%
of residents in receipt
of benefits



4.4/5 Trustpilot rating
for ReSI's lettings
partner



95% of residents living in
retirement rentals would
recommend them to a friend

EXECUTIVE SUMMARY

► ABOUT ReSI

Residential Secure Income plc (ReSI) is a real estate investment trust with an objective to deliver secure income returns by investing in residential assets which address the affordable housing crisis in the UK.

ReSI currently invests in three asset classes: shared ownership homes, local authority temporary accommodation and retirement rentals. All three types of property within the portfolio aim to deliver stability of accommodation for residents, while focusing on affordability for individuals and value for money for the public purse.

► IMPACT ASSESSMENT OVERVIEW

ReSI's property portfolio is made up primarily of acquisitions of local authority temporary accommodation and retirement rentals. More recently, ReSI has started to invest in shared ownership properties and this segment of the portfolio has grown during the reporting period.

- As new housing stock, the shared ownership properties provide the greatest additionality to the supply of social and affordable housing in the UK. While affordability for the majority of the housing is limited to those on mid to high incomes within the local community, these individuals would still not be able to buy at open market levels.
- The local authority temporary accommodation is situated in Luton, an area of high need for this type of accommodation and provides potential savings of up to £607k per annum for the local authority.
- The retirement rentals are well regarded by residents and occupy a niche in the market, freeing up family homes and allowing elderly people to continue living independently outside of the care sector.

TGE believes ReSI has the potential to increase its social impact by actively pursuing the social outcomes identified in this report and embedding these into its investment and decision-making processes, making social impact a central aim of the fund.

► STRENGTHS

- ReSI's shared ownership portfolio is bringing new properties into social and affordable housing that would otherwise be for sale on the open market.
- ReSI has strong relationships with its partner housing associations and these are likely to continue with further collaboration likely.
- ReSI has a diversified portfolio providing support to multiple groups of beneficiaries with a range of positive outcomes, including security of tenure for residents, improved wellbeing, and financial savings.

► POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- The social outcomes delivered by ReSI's portfolio are a result of collaborations with many partners and ReSI could engage more actively with stakeholders to ensure positive impact.
- Environmental impact has not been considered in this report but TGE understands that ReSI is running a separate project to assess the environmental performance and energy efficiency of their buildings.
- Legacy and inherited contracts and partnerships, particularly for the local authority temporary accommodation, appear weaker than the newer relationships and could be strengthened to support social outcomes.

Impact Objectives and Evaluation

IMPACT OBJECTIVE	THE GOOD ECONOMY EVALUATION
Providing homes to meet a social need	- Shared ownership properties are located in some of the most unaffordable areas of the country where accessible home ownership is most needed - There is high demand for quality, affordable temporary accommodation within the local authority areas where ReSI's temporary accommodation is situated - Retirement rentals are highly regarded by residents and are meeting the needs of the target demographic.
Offering affordability and value for money	- Affordability of ReSI's shared ownership properties varies considerably with location, with those in the north-west of England affordable to the majority of earners, while those in Greater London are limited to mid to high-earners - Local authority accommodation provides good value for money compared to other forms of emergency accommodation as long as void rates are kept low - Retirement properties are at generally affordable levels.
Forging quality partnerships with stakeholders	- Partners have good ratings and provide a high level of resident services - Void risk for retirement and shared ownership properties lies with ReSI, offering some financial protection to ReSI's partners - Local authority absorbs cost of voids for the temporary accommodation part of the portfolio - Management of local authority accommodation could benefit from clearer allocation of responsibilities, improving the experience for residents through speedier repairs.
Increasing the supply of social and affordable housing	- ReSI has made a significant contribution to increasing the supply of shared ownership homes which would otherwise have been sold on the open market - There is low additionality of supply within the local authority and retirement rental portfolios because the properties were acquired with leases already in place.

All three types of property within the portfolio aim to deliver stability of accommodation for residents, while focusing on affordability for individuals and value for money for the public purse.

1 INTRODUCTION

► ABOUT THIS IMPACT REPORT

This report is the first Impact Report produced by The Good Economy [TGE] for Residential Secure Income plc [ReSI] and covers the period up to 30th September 2020.

ReSI is a real estate investment trust [REIT] with the objective of delivering secure income returns by investing in shared ownership and other affordable residential asset classes. ReSI was launched in 2017 and in 2019 commissioned a report to calculate the fund's social return on investment. ReSI's manager, ReSI Capital Management, was acquired by Gresham House in March 2020 and this year ReSI has worked with TGE to understand and articulate its social impact more fully.

TGE is a social advisory firm specialising in impact measurement and management. TGE has worked with ReSI to define and articulate the fund's social objectives and assess ReSI's progress towards these. TGE uses a mix of quantitative and qualitative data including portfolio analysis, stakeholder interviews and resident feedback to evidence social impact performance.

This impact reports provides an assessment of ReSI's performance from a social perspective based on this analysis. The introduction provides an outline of ReSI's structure, business model and main areas of activity. Section two outlines the social impact framework developed for ReSI by TGE, focusing on its "theory of change", impact objectives and performance metrics. Section three outlines ReSI's performance against its impact objectives, which relate to meeting social need, affordability, partnership working and increasing the supply of social and affordable homes. Section four presents TGE's findings on the social outcomes of ReSI in consideration of the Impact Management Project's [IMP] approach to analysing impact and the alignment to the UN's Sustainable Development Goals. TGE's conclusions and recommendations are provided in the final section.

Given the ongoing Covid-19 pandemic, it should be noted TGE has not carried out site visits to ReSI's properties as part of this impact assessment. TGE has therefore been unable to see first-hand how the houses impact on people's lives. TGE has instead conducted interviews with a total of eight stakeholders, including ReSI staff, the fund's partners, and residents.

► ABOUT ReSI

Residential Secure Income plc ["ReSI"] is a real estate investment trust [REIT] with an objective to deliver secure, inflation-linked income returns by investing in residential assets which address the affordable housing crisis in the UK. ReSI was launched on the premium segment of the Main Market of the London Stock Exchange in July 2017, raising £180 million in its IPO. As of September 2020 ReSI had committed £302 million, assembling a portfolio of 2,708 properties.

ReSI is managed by ReSI Capital Management Ltd, a wholly-owned subsidiary of TradeRisks Ltd which has a 19-year track record of executing transactions within the UK social housing sector. TradeRisks Ltd and ReSI Capital Management Ltd were acquired on 4 March 2020 by Gresham House plc, a specialist alternative asset management business.

ReSI invests in three types of housing:

- 1 Shared Ownership:** ReSI provides an affordable route to home ownership for people on lower and middle incomes where market failures have led to traditional home ownership being out of reach. It is a part-buy, part-rent model with subsidised rents and low deposit requirements which allows access to the housing ladder
- 2 Local Authority Temporary Accommodation:** ReSI owns homes for lease to local authorities to enable them to house people otherwise homeless in their area, providing cost-effective, high quality and safe housing for vulnerable people.
- 3 Retirement Rentals:** ReSI provides fit for purpose homes for retired people, allowing them to maintain their independence for longer, whilst freeing up larger homes for families and fostering a sense of community by offering shared spaces such as residents' lounges and communal gardens.

► SOCIAL NEED CONTEXT

According to the National Housing Federation, the UK's housing crisis is affecting more than eight million people, or one in seven of the population.¹ The effects of this housing crisis are well-documented. Millions of people are living in substandard or overcrowded conditions. Over one million people are stuck on local authority housing waiting lists, some for more than a decade² and house prices and rental costs have become unaffordable for many. Having a safe, decent, affordable home is a key determinant of people's health and wellbeing and the housing market also has a large socio-economic effect as housing is a homeowner's single most important financial asset and often a household's largest expenditure.

Shared ownership

Shared ownership homes help to lower the financial barriers to home ownership by offering property on a part-buy, part-rent basis, with rent on unsold equity set below market rates. This reduces the financial barriers to ownership, while providing lifetime security of tenure. To meet current demand, it is estimated 25,000 new shared ownership properties would need to be built each year in England and 29,000 across the whole of Great Britain.³

Local authority temporary accommodation

Local housing authorities in England have a duty to secure accommodation for unintentionally homeless households in priority need under Part 7 of the Housing Act 1996. While applications are being assessed, or until suitable secure housing becomes available, temporary accommodation may be provided. This can be in the form of property leased from the private sector; local authority or Registered Social Landlord housing stock; hostels/women's refuges; other private sector accommodation; or bed and breakfast (B&B) accommodation. The use of B&Bs is the most controversial, being the least suitable and often most expensive option. However, the number of families with dependent children placed in B&B-style accommodation across England increased by 146% between March 2010 and March 2020.⁴

Retirement rentals

There is limited specialist retirement accommodation available in the UK where older people can live with peers. Research shows loneliness is often associated with poorer physical and mental health among older people⁵ and that social isolation often leads to loneliness.⁶ By providing specialist retirement accommodation, where elderly people can live amongst their peers, social isolation can be reduced. Retirement properties also often have in-house caretakers and emergency alarms enabling retirees who do not require high levels of care to live independently for longer therefore reducing the need for care homes and other more intensive care facilities.

Having a safe, decent, affordable home is a key determinant of people's health and wellbeing.

1. National Housing Federation (NHF), How many people need a social rented home?, September 2019.

2. MHCLG, Local authority housing statistics: Year ending March 2018, England, 24 January 2019.

3. Professor Glen Bramley, Crisis & NHF Housing supply requirements across Great Britain, November 2018.

4. Wendy Wilson & Cassie Barton, Briefing Paper Number 02110 – Households in temporary accommodation (England), October 2020.

5. Care Connect – Age UK, Testing Promising Approaches to Reducing Loneliness, 2016.

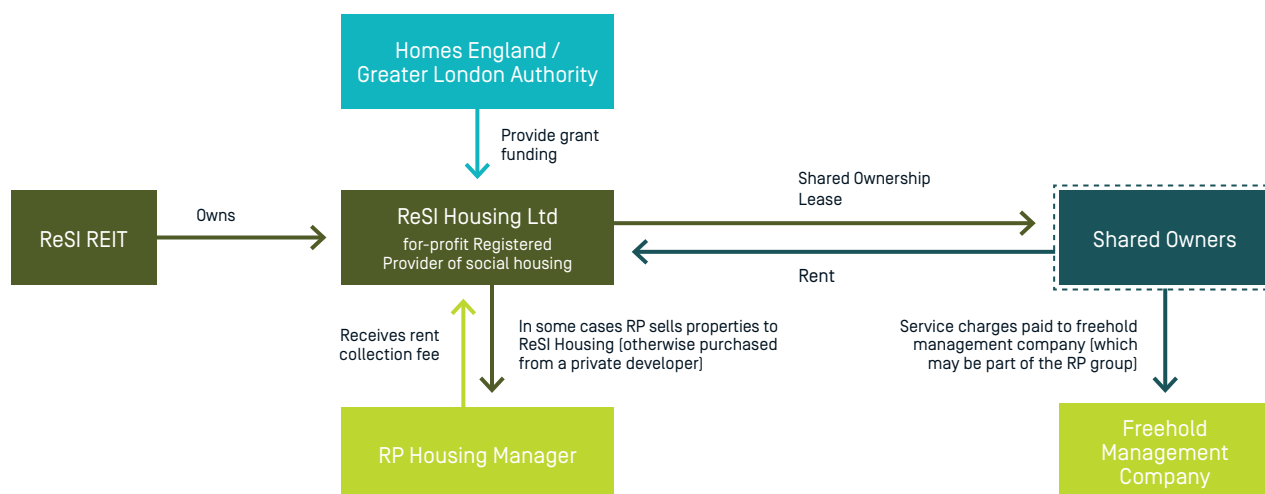
6. Care Connect – Age UK, Loneliness Research Briefing, February 2018.

► STAKEHOLDER MODELS

ReSI's investment model and partnerships vary between the three different types of property that it invests in.

Shared ownership

ReSI's subsidiary, ReSI Housing Limited, is registered as a for-profit Registered Provider of Social Housing. As a Registered Provider, ReSI Housing can acquire affordable housing subject to s106 planning restrictions and housing funded by government grant. Through this subsidiary, ReSI purchases new build property and makes these available to the market as shared ownership homes. An independent Registered Provider then acts as ReSI's agent with agreements in place for sales and marketing, rent collection and property management. The shared ownership lease is a direct agreement between the resident and ReSI Housing Ltd.



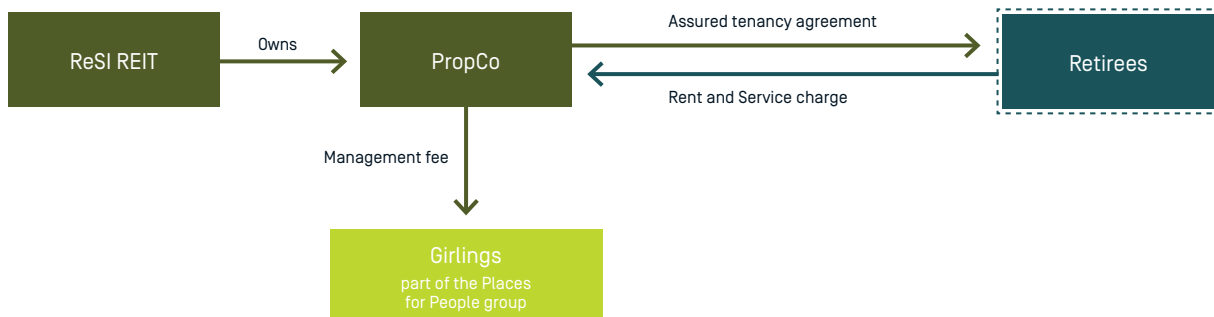
Local authority temporary accommodation

ReSI's subsidiary property company holds the freehold for two developments in Luton which are leased to Luton Borough Council. Residents are tenants of the local authority.



Retirement rentals

ReSI, via a property holding company, owns a nationwide portfolio of retirement properties managed by the specialist retirement rental agency Girlings, part of the Places for People group. The leases for the properties are directly between the PropCo and the residents.





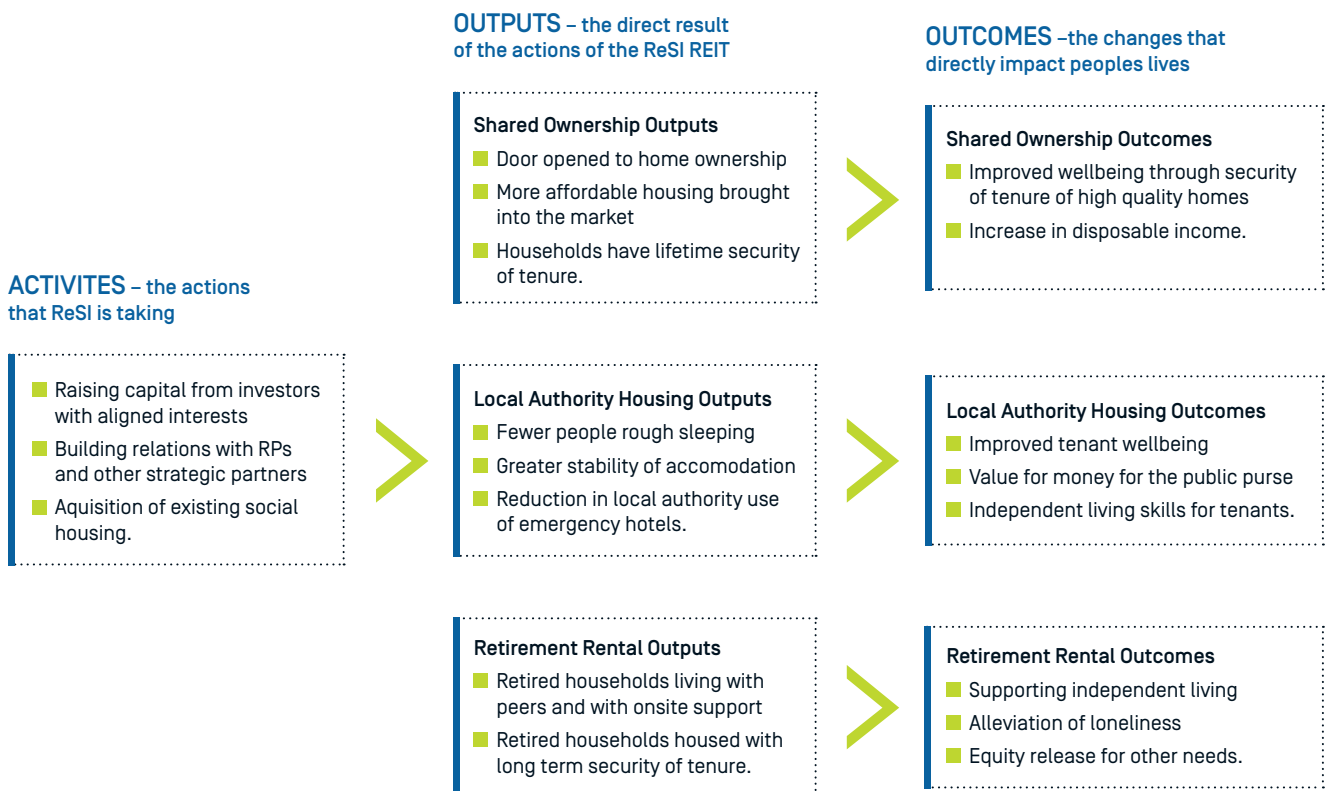
By raising capital to invest into new and existing social and affordable housing, ReSI makes accommodation available to those who may otherwise be excluded by open market mechanisms.

2 IMPACT ASSESSMENT FRAMEWORK

ReSI aims to increase the provision of affordable housing by providing long-term capital to developers, housing associations and local authorities. This allows high quality, safe homes to be delivered while ensuring long-term stability of tenure for residents.

► THEORY OF CHANGE

The Theory of Change diagram below shows how ReSI's activities lead to social outcomes. By raising capital to invest into new and existing social and affordable housing, ReSI makes accommodation available to those who may otherwise be excluded by open market mechanisms.



► IMPACT OBJECTIVES AND PERFORMANCE METRICS

To measure progress towards the social outcomes identified in ReSI's Theory of Change, the following Impact Objectives have been developed by TGE and agreed by ReSI. TGE has collected and analysed data available in these areas to understand the extent to which ReSI is delivering a positive social impact.



Social Need

Target developments which will address specific social need:

- 1. Shared Ownership:** making home ownership accessible for those priced out of the market.
- 2. Local Authority Temporary Accommodation:** providing homes for people on housing waiting lists.
- 3. Retirement Rental:** providing specialist accommodation to allow independent living.



Affordability and Value for Money

Ensure developments are affordable within market context:

- 1. Shared Ownership:** addressing barriers to home ownership for low-income and middle-income households.
- 2. Local Authority Temporary Accommodation:** providing Value for Money for welfare and public care budgets.
- 3. Retirement Rental:** providing affordable rental homes for the over 55s.



Quality Partnerships

Ensure partners deliver quality services and outcomes for residents.

- 1. Shared Ownership:** providing quality homes and management.
- 2. Local Authority Temporary Accommodation:** supporting tenants into long-term accommodation.
- 3. Retirement Rental:** supporting residents with on-site assistance.



Increasing Supply

Drive delivery of affordable housing that would otherwise not be delivered:

- 1. Shared Ownership:** bringing more homes into the affordable housing sector.
- 2. Local Authority Temporary Accommodation:** responding to demand for temporary housing.
- 3. Retirement Rental:** offering homes to meet the needs of the demographic.

3 / PERFORMANCE AGAINST IMPACT OBJECTIVES

► PROVIDING HOMES TO MEET A SOCIAL NEED

ReSI aims to invest in residential assets which address some of the well-documented issues created by the affordable housing crisis in the UK: barriers to ownership; homelessness; and appropriate accommodation for the elderly.

The disparity between house prices and local income creates significant financial barriers to home ownership in the UK which shared ownership aims to overcome. TGE has assessed the need for shared ownership homes against affordability ratios in the local area, taking into consideration the index of multiple deprivation, a government measure of relative local deprivation.

Waiting lists to house those at risk of homelessness vary across the UK, leading to different levels of need for provision of temporary housing by local authorities. TGE's analysis of the need for local authority temporary accommodation is based on consideration of these waiting lists.

The retirement rental properties that ReSI owns are targeted specifically at people who are retired but without the need for significant levels of on-site care. TGE has analysed data from a survey carried out by Girlings, ReSI's letting partner, to assess whether ReSI's properties meet the needs of this demographic.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS
Is ReSI targeting developments which will address specific social needs? 	Number of properties	Overall: 2,708 Shared ownership: 196 Local authority: 289 Retirement rentals: 2,223
	Proportion of properties within the 40% most deprived local authorities within the UK	Overall: 43% Shared ownership: 77% Local authority: 100% Retirement rentals: 33%
	Shared ownership: Affordability ratio (average house price to average earnings) in local area	UK average: 7.8 Barnet: 16.3 Lambeth: 14.5 Huntingdonshire: 9.3
	Local authority temporary accommodation: Number of households on local authority waiting list	Luton: 13,077 on waiting list out of 78,900 households (16.6% of households, compared to national average of 5.1%)
	Retirement rentals: Girling's survey analysis	95% would recommend renting in retirement 87% had made new friends 80% were attracted by an assured lifetime tenancy

Shared ownership

The Office for National Statistics' Housing Affordability Ratio is a measure of the median house price in an area compared to the median full-time earnings. The average affordability ratio in England in 2019 was 7.8, however this varies considerably between regions.

The majority of ReSI's shared ownership accommodation [79%] is located across two developments in Lambeth and Barnet, where the local affordability ratios are 14.53 and 16.30 respectively,⁷ making these some of the least affordable local authority areas in the country to buy a home. Lambeth is also one of the most deprived local authorities in England and Wales, with Lambeth and Barnet both scoring poorly in the "Barriers to Housing and Services" domain.

ReSI's shared ownership homes are therefore in areas where there is a significant social need for this type of accommodation.

LOCAL AUTHORITY AREA	PROPORTION OF RESI'S SO PORTFOLIO	LOCAL AFFORDABILITY INDEX
Lambeth	63%	14.53 26th least affordable out of 339
Barnet	16%	16.30 12th least affordable out of 339

Local authority temporary accommodation

ReSI's local authority temporary accommodation comprises of two blocks of accommodation in Luton. In 2019, Luton ranked 15th out of 364 local authorities in England for having the greatest number of households on its waiting list for secure housing. Furthermore, this has almost doubled in the five years since 2014, whilst the total for the whole of England has fallen by 15%.⁸ Approximately 16.6% of all households living in Luton are awaiting permanent local authority accommodation compared to a national average of 5.1%.⁹ Luton is also within the 40% most deprived local authorities in England with barriers to housing and services contributing significantly towards this. ReSI's local authority accommodation is therefore addressing a clear social need and supporting an area with one of the greatest needs.

Retirement rentals

ReSI's believes that its retirement rental properties account for approximately half of the UK's total stock of this type of accommodation. Girlings, ReSI's lettings manager, carried out a Retirement Living Survey in 2019 which revealed that 80% of respondents living in this type of home were attracted by the assured lifetime tenancy and 68% by not having to worry about maintenance and upkeep. 87% had made new friends within the development they lived in while organised events such as coffee mornings and fish and chip suppers were attended by 43% and 29% of residents respectively. Overall, 95% would recommend renting in retirement to a friend, indicating that these properties are well regarded and are meeting residents' needs.

Summary

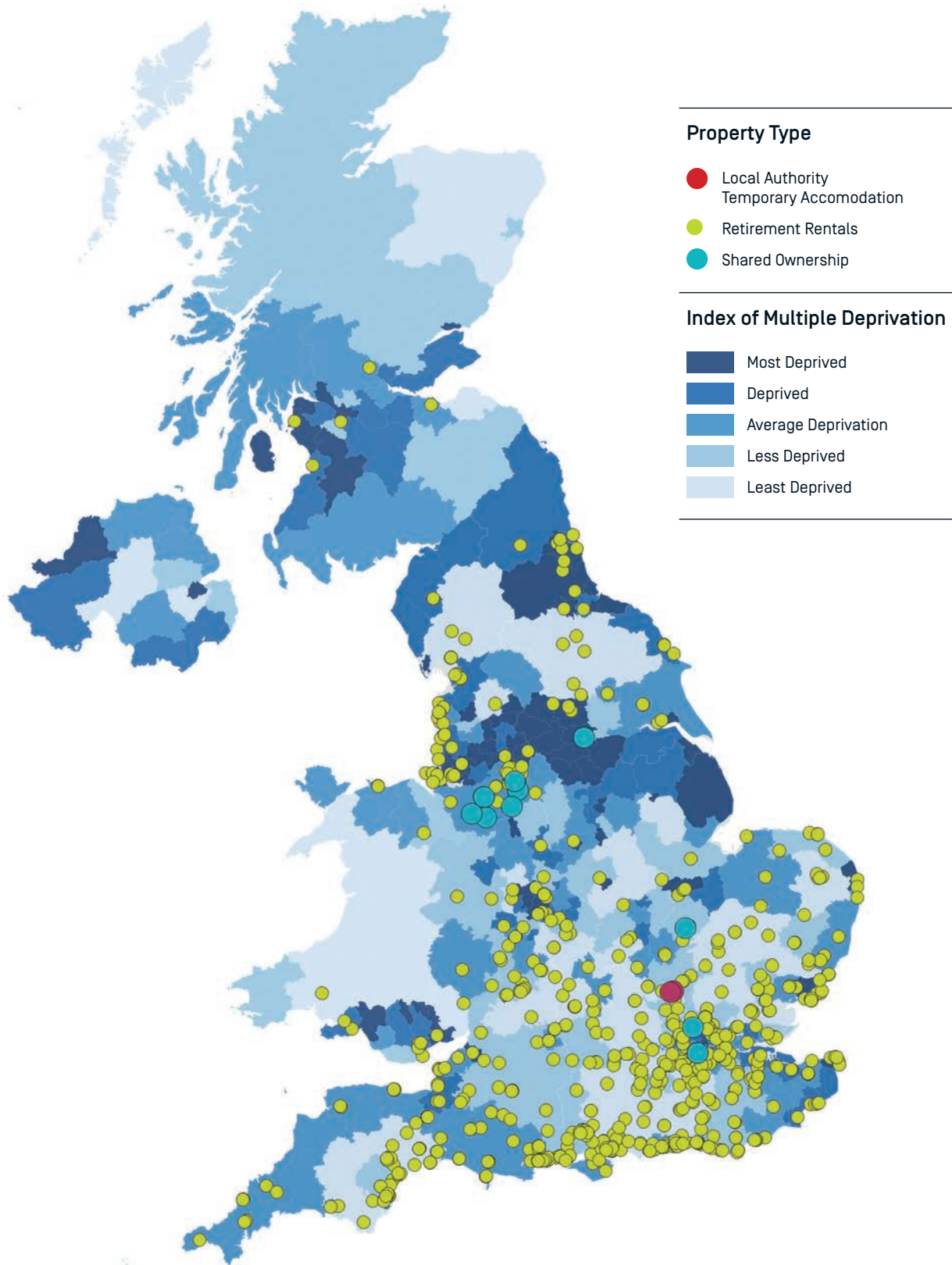
- Shared ownership properties are located in some of the most unaffordable areas of the country where accessible home ownership is most needed.
- There is high demand for quality, affordable temporary accommodation within the local authority areas where ReSI's temporary accommodation is situated.
- Retirement rentals are highly regarded by residents and are meeting the needs of the target demographic.

7. Office for National Statistics, Housing affordability in England and Wales: 2019, March 2020.

8. MHCLG, Table 600: numbers of households on local authorities' housing waiting lists, by district, England, from 1997, September 2020.

9. Office for National Statistics, Estimated number of households in the local and unitary authorities of England and Wales, Council areas of Scotland, and local government districts of Northern Ireland, 2012 to 2018, April 2020

ReSI's property portfolio in relation to the Index of Multiple Deprivation



Contains OS data © Crown copyright and database right (2020). Data sources: English Indices of Deprivation 2019, Northern Ireland Multiple Deprivation Measure 2017, Scottish Index of Multiple Deprivation 2016, Welsh Index of Multiple Deprivation 2019. Proportion of local areas in the 20% most deprived nationally.

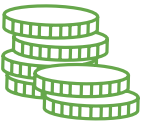
► OFFERING AFFORDABILITY AND VALUE FOR MONEY

ReSI's objective is to ensure all homes it funds are affordable within the local market context.

For ReSI's shared ownership properties, TGE has compared the cost of mortgage and rent payments with local incomes to find the proportion of people who would be able to comfortably afford these houses.

This method is not appropriate for retirement rentals as ability to pay is not linked to salaries. However, TGE conducted interviews with ReSI's property management team and its lettings partner to form a view on affordability.

Residents of ReSI's temporary accommodation have their rent levels set by the local authority and most are in receipt of either housing benefit or universal credit. Therefore, ReSI has no direct influence over affordability. Instead, TGE has calculated the value for money of this property by comparing the cost to the local authority of this accommodation with alternative forms of provision.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS
Is ReSI ensuring that accommodation is affordable or provides value for money within the local market context? 	Shared ownership: TGE affordability calculations	Affordable to 42% of the local working population
	Local authority temporary accommodation: Savings compared to pay-nightly accommodation	Savings per annum of up to £607k
	Retirement rentals: Stakeholder interviews	Market level rates; approximately 60% of residents in receipt of benefits

Shared ownership

TGE's affordability calculation considers property to be affordable when the cost of properties accounts for no more than 35% of net local income based on data from the Office of National Statistics (ONS), in line with guidance from the Affordable Housing Commission.¹⁰ Averaged out across the whole portfolio, ReSI's shared ownership properties are affordable to 42% of the local working population. The properties in the north-west of England are the most affordable, being within reach of 77% of local earners, while it's London properties are affordable to the top 41% of local earners. This is reflective of the extremely high house prices in greater London, making it difficult for even middle and higher income earners to buy a house outright.

¹⁰ TGE assumes an average of 1.45 full-time equivalent earners per household and a mortgage with a 10% deposit to cover the equity purchased. Mortgage interest payments are included in the cost of ownership but capital repayments are not.



Local authority temporary accommodation

Specialist temporary accommodation such as that owned by ReSI and leased to Luton Borough Council offers many benefits to residents over alternatives such as Bed & Breakfast accommodation, which is often used when demand is high. It can also be cheaper for the local authority, although as properties are leased in bulk whether occupied or not, both lease cost and void levels contribute towards the comparable cost. TGE has benchmarked the cost of local B&B's against the property leases to evaluate value for money for the public purse.

Rates of occupation for ReSI's local authority properties vary between 87% and 95% according to ReSI's property manager, Mears. At 87% occupancy, B&B provision would cost £203k less per year than leasing ReSI's properties when compared to the lower-quartile cost of B&Bs in the local area. If compared to the median cost of local B&B's, ReSI's properties offer a saving of £370k per annum. At 95% occupancy, ReSI's properties cost an extra £18k compared to lower-quartile B&B cost, but would save £607k per year if the median cost of B&Bs is used.

Retirement rentals

ReSI's retirement properties are offered at market rates and the portfolio aims to occupy the middle ground in terms of pricing - it is neither premium accommodation nor the cheapest. Most residents move from other rented accommodation rather than from freehold properties. With approximately 60% of residents in receipt of government benefits according to ReSI's lettings partner Girlings, the cost seems accessible to most people. Financial checks are carried out for new tenants, however adjustments can be made if an applicant does not have the strongest financial record, for instance by offering shorter leases or cheaper properties.

Summary

- Affordability of ReSI's shared ownership properties varies considerably with location, with those in the north-west of England affordable to the majority of earners, while those in Greater London are limited to mid to high-earners.
- Local authority accommodation provides good value for money compared to other forms of emergency accommodation as long as void rates are kept low.
- Retirement properties are at generally affordable levels.

► FORGING QUALITY PARTNERSHIPS

The most direct contribution to positive outcomes for tenants is made by ReSI's partner housing associations, property managers, and agents.

Hence, it is important that ReSI selects its partners carefully and has good relations with them, working well together, learning from each other, and having good communication.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS
Is ReSI working with partners to ensure that quality services and outcomes are delivered for the residents? 	Shared ownership: RP grading	G1 / V2
	Shared ownership: Stakeholder interview	Strong partnership; keen to work together more
	Local authority temporary accommodation: Stakeholder interview	Arm's length relationship; some disputes regarding responsibilities for ongoing maintenance
	Retirement rentals: Stakeholder interview	Good working relationship
	Retirement rentals: Trustpilot rating	4.4 / 5

Shared ownership

ReSI's partner RP for shared ownership properties is Metropolitan Thames Valley Housing ("MTVH") which has a grading of G1/V2 by the Regulator of Social Housing, indicating that it meets the regulator's governance and viability requirements, but needs to manage material risks to ensure continued compliance regarding viability.

MTVH manages both the shared ownership and housing association properties in the developments with all charges and services on the same terms for all residents. MTVH is also undergoing a review to look at incorporating some customer governance into its structure to give more voice to tenants. TGE gathered positive feedback from MTVH during the stakeholder interviews, hearing of a strong relationship which was beneficial for both parties and which was likely to grow with more projects also likely in the future.

Void risk: As leases are directly between ReSI and the tenants, the risk of unsold properties lies with ReSI, although this was not perceived as a likely problem given the 130 year shared ownership leases.



Local authority temporary accommodation

A good level of tenant services such as CV writing skills and mental health support is offered at the local authority accommodation by ReSI's property management partner Mears. However, TGE was advised by ReSI of disputes concerning allocation of responsibilities for ongoing maintenance for the property that it leases directly to the local authority.

Void risk: Levels of occupation are usually between 87% and 95% in the local authority properties and the cost of voids is absorbed by the local authority.

Retirement rentals

Girlings, part of the Places for People Group, acts as the letting agent for ReSI's retirement rentals. TGE was told by Girlings the working relationship was positive, with good communication and some flexibility regarding leases should this be required by the residents. Girlings receive good feedback from the residents on the consumer review website Trustpilot with a rating of 4.4/5.

Void risk: Void risk at the retirement rental properties lies with ReSI, protecting Girlings financially if the homes are not let.

Summary

- Partners have good ratings and provide a high level of resident services.
- Void risk for retirement and shared ownership properties lies with ReSI, offering some financial protection to ReSI's partners.
- Management of local authority accommodation could benefit from clearer allocation of responsibilities, improving the experience for residents through speedier repairs.
- Local authority absorbs cost of voids for the temporary accommodation part of the portfolio.

► INCREASING THE SUPPLY OF SOCIAL AND AFFORDABLE HOUSING

ReSI has an objective to increase the supply of social and affordable housing that would otherwise not be delivered.

TGE assesses this by looking at the number and proportion of homes which are new build or brought into social/affordable housing for the first time, along with TGE's own "Additionality Scale" that describes the amount of contribution a specific investment is making to increasing housing supply.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS
Is ReSI driving delivery of affordable housing that would otherwise not take place? 	Number and percentage of new build homes	Overall: 196 of the 2,708 homes in ReSI's portfolio (7%) were new builds Shared ownership: 196 homes (100%) Local authority temporary accommodation: 0 homes (0%) Retirement rentals: 0 homes (0%)
	Number and percentage of homes brought into social/affordable housing for the first time	Overall: 196 of the 2,708 homes in ReSI's portfolio (7%) were brought into social and affordable housing for the first time Shared ownership: 196 homes (100%) Local authority: 0%; 0 homes Retirement rentals: 0%; 0 homes
	TGE additionality scale	Overall: Low Shared ownership: High Local authority: Low Retirement rentals: Low

Shared ownership

The majority of ReSI's shared ownership properties were purchased as new build homes that would otherwise have been sold on the open market. ReSI therefore made a significant contribution in bringing these homes into the social and affordable housing sector.



Local authority temporary accommodation

The local authority properties were acquired by ReSI with leases and contracts already in place. ReSI's investment allows this property to continue to be used for its social purpose but did not provide any new social accommodation.

Retirement rentals

ReSI acquired the retirement properties from Aviva with tenants in place and did not increase the supply of social housing through this transaction. The retirement portfolio allows elderly people with low care needs to lead independent lives and so also has an indirect effect on availability of other forms of accommodation such as care homes.

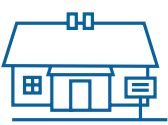
Summary

- ReSI has made a significant contribution to increasing the supply of shared ownership homes which would otherwise have been sold on the open market.
- There is low additionality of supply within the local authority and retirement rental portfolios because the properties were acquired with leases already in place.

4 SOCIAL OUTCOMES

The Theory of Change that TGE developed to articulate ReSI's impact describes how the fund's activities lead to social outcomes experienced by residents occupying ReSI's properties.

Outcomes – The changes that directly impact peoples lives

	Shared Ownership Outcomes ■ Improved wellbeing through security of tenure of high quality homes ■ Increase in disposable income.
	Local Authority Housing Outcomes ■ Improved tenant wellbeing ■ Value for money for the public purse ■ Independent living skills for tenants.
	Retirement Rental Outcomes ■ Supporting independent living ■ Alleviation of loneliness ■ Equity released for other needs.

TGE has not carried out a tenant survey to evidence the change in these areas of residents' lives since moving into ReSI's properties. However, we would expect positive outcomes to be achieved and this has been confirmed in the interviews TGE has carried out. The overall benefit to society can further be understood by aligning these outcomes with the Impact Management Project (IMP) dimensions of impact and the Sustainable Development Goals.

Julie, a shared ownership resident, told TGE how ReSI had enabled her to get onto the property ladder. "Sometimes I still can't believe I've got my own place."



INTERVIEW WITH JULIE A SHARED OWNERSHIP RESIDENT

A single mother of two children, Julie, had been renting in the local area for ten years before purchasing her shared ownership flat. Buying on the open market was out of reach for Julie, but after inheriting some money she was able to afford a shared ownership property. TGE heard how her home gave her stability within the area which was particularly important for her children who were at college nearby. Julie emphasized the following as key benefits of her home:

- High quality home in nice area with practical layout and good transport links
- Savings of c. £300 per month compared to previous rented accommodation
- Helpful sales team and concierge service.



INTERVIEW WITH DIANE BENCE-MULKERRIN ACCOMMODATION MANAGER FOR LOCAL AUTHORITY HOUSING

Diane told TGE that a good range of single, double and family units were available and that occupancy levels were usually around 87-95%. The largest group of residents were families who could not afford the private rented sector, making up approximately 80% of total intake. Prison leavers, hospital discharges and those with mental health issues accounted for the remainder.

Skills workshops, mental health sessions and other support was available to residents with about 25% of occupants actively participating. As a result, move-on rates were good with only 3 people being evicted in the last year.



INTERVIEW WITH GIRLINGS RESI'S RETIREMENT RENTAL LETTINGS PARTNER

TGE spoke to Gemma Vincent, marketing lead for Girlings, and Kirsty Hayden, lettings lead, who advised that a range of facilities were offered to residents such as communal lounges, coffee mornings and "Fish & Chip Fridays". The provision varied depending on the development with some having more on offer than others. Whilst the accommodation was not suitable for those with high care needs, features such as emergency alarms provided some security to residents.

The majority of new residents moved from other forms of rented accommodation rather than from property that they owned, and Girlings believed that the transition from ownership to renting required a greater psychological adjustment. Financial checks were carried out for new residents but there was some flexibility in the process and the aim was for finances not to be a barrier.

The main reasons for leaving were death or the need for higher levels of care, which combined accounted for approximately 85% of moves. Most of the remainder were those moving internally, with very few leaving for other unsupported accommodation. Internal churn occurred mainly as a result of residents wanting to move closer to relatives or into ground floor apartments for mobility reasons.



► IMP DIMENSIONS OF IMPACT

Measuring social value – or the non-financial impacts – of the social housing sector has gained increasing levels of attention in recent years. The Impact Management Project (IMP) has developed a new approach to analysing impact based on five dimensions: who is being impacted, in what way, by how much, the contribution of the organisation to the change in outcomes and the risk of target outcomes not being met.

APPLYING THE IMP DIMENSIONS OF IMPACT TO RESI'S SHARED OWNERSHIP

IMP DIMENSION	DEFINITION	IMPROVED WELLBEING THROUGH SECURITY OF TENURE OF HIGH QUALITY HOMES	INCREASE IN DISPOSABLE INCOME
WHAT impact is ReSI having?	The outcome experienced by the stakeholder when engaging with the enterprise	Resident moving from rented to owned accommodation	Lower monthly expenditure and ability to live in previously unaffordable areas
WHO is experiencing the impact?	The type of stakeholder experiencing the outcome	Those previously renting, particularly in poor quality accommodation	Those currently paying open market rental prices
HOW MUCH impact is ReSI creating?	The scale, depth, or duration of the outcome	Through lifetime tenure, this impact will last for as long as the resident owns the property	Dependent on individual circumstances
How much CONTRIBUTION is ReSI making towards this impact?	The additional outcomes that will be experienced because of ReSI	ReSI's high additionality is bringing homes into affordable ownership that would otherwise be on the open market	Rent but not mortgage within ReSI's control
What is the RISK of the impact not happening?	The indicators of risk that may undermine the delivery of the outcome	Property being out of reach in the local market context	Rent growth of RPI+0.5% could be above market growth

APPLYING THE IMP DIMENSIONS OF IMPACT TO RESI'S LOCAL AUTHORITY TEMPORARY ACCOMMODATION

IMP DIMENSION	DEFINITION	IMPROVED TENANT WELLBEING	VALUE FOR MONEY	INDEPENDENT LIVING SKILLS
WHAT impact is ReSI having?	The outcome experienced by the stakeholder when engaging with the enterprise	Safe accommodation for at risk groups	Savings compared to the use of other forms of accommodation	Support and courses delivered to residents
WHO is experiencing the impact?	The type of stakeholder experiencing the outcome	Those at risk of homelessness	Local authority	Those previously struggling to live independently
HOW MUCH impact is ReSI creating?	The scale, depth, or duration of the outcome	Fulfillment of basic needs of shelter	Savings of up to £607k per annum	Good uptake and range of support and courses
How much CONTRIBUTION is ReSI making towards this impact?	The additional outcomes that will be experienced because of ReSI	Indirect contribution through partnerships	Significant contribution through lease	Most contribution attributable to ReSI's partners
What is the RISK of the impact not happening?	The indicators of risk that may undermine the delivery of the outcome	Accommodation poorly managed or not of good quality	Long term lease not in place or cost not fixed	Workshops offered not meeting needs of resident

APPLYING THE IMP DIMENSIONS OF IMPACT TO RESI'S RETIREMENT RENTALS

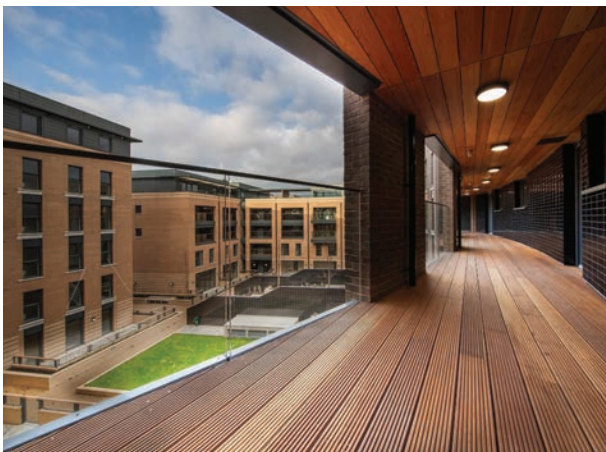
IMP DIMENSION	DEFINITION	SUPPORTED INDEPENDENT LIVING	ALLEVIATION OF LONELINESS	EQUITY RELEASED FOR OTHER NEEDS
WHAT impact is ReSI having?	The outcome experienced by the stakeholder when engaging with the enterprise	Onsite caretaker and emergency alarms	Living amongst peers	Money tied up in property is released
WHO is experiencing the impact?	The type of stakeholder experiencing the outcome	Elderly residents with low care needs	Those who would otherwise be in social isolation	Those moving from owned to rented accommodation
HOW MUCH impact is ReSI creating?	The scale, depth, or duration of the outcome	Long term tenancies allow residents to stay for as long as needed	Significant factor for residents	Low financial barriers to new lets
How much CONTRIBUTION is ReSI making towards this impact?	The additional outcomes that will be experienced because of ReSI	Limited contribution as freeholder	Limited contribution as freeholder	Significant contribution through direct leases with tenants
What is the RISK of the impact not happening?	The indicators of risk that may undermine the delivery of the outcome	Appropriate support not given	Requires active participation	Those with bad financial history not able to move in



► ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

The 17 Sustainable Development Goals were adopted by all UN Member States in 2015, as part of the 2030 Agenda for Sustainable Development which set out a 15-year plan to achieve the Goals. They are integrated and indivisible and balance the three dimensions of sustainable development: economic, social and environmental.

Through raising long-term equity for the social and affordable housing sector, ReSI's primary contribution is to SDG 11: "Make cities inclusive, safe, resilient and sustainable". Within this goal, ReSI specifically supports SDG Target 11.1: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services...". ReSI also contributes to SDGs 1, 3 and 10 – eradicating poverty, improving health and wellbeing, and reducing inequalities – as shown.



SDG Target 11.1: "By 2030, ensure access for all to adequate, safe and affordable housing and basic services..."



RESI PROPERTY TYPE	SOCIAL OUTCOME	PRIMARY SDG ALIGNMENT	RELEVANT SDG TARGET
SHARED OWNERSHIP	Improved wellbeing through security of tenure of high quality homes	 	11.1 - By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. 3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
	Increase in disposable income	 	1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance. 8.5 - By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
LOCAL AUTHORITY	Tenant wellbeing		3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
	Value for money		10.1 - By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average.
	Independent living skills		11.1 - By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
RETIREMENT RENTAL	Independent living		11.1 - By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
	Alleviation of loneliness		3.8 - Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
	Equity released for other needs		1.4 - By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

It should be noted that ReSI's contribution to these SDGs is not direct and relies on its partnerships with other stakeholders, however by working together these goals can be achieved.

5 CONCLUSIONS AND RECOMMENDATIONS

ReSI's property portfolio is made up primarily of acquisitions of local authority temporary accommodation and retirement rentals. More recently, ReSI has started to invest in shared ownership properties and this segment of the portfolio has grown during the reporting period.

- As new housing stock, the shared ownership properties provide the greatest additionality to the supply of social and affordable housing in the UK. While affordability for the majority of the housing is limited to those on mid to high incomes within the local community, these individuals would still not be able to buy at open market levels.
- The local authority temporary accommodation is situated in Luton, an area of high need for this type of accommodation and provides potential savings of up to £607k per annum for the local authority.
- The retirement rentals are well regarded by residents and occupy a niche in the market, freeing up family homes and allowing elderly people to continue living independently outside of the care sector.

TGE believes ReSI has the potential to increase its social impact by actively pursuing the social outcomes identified in this report and embedding these into its investment and decision-making processes, making social impact a central aim of the fund.

STRENGTHS

- ReSI's shared ownership portfolio is bringing new properties into social and affordable housing that would otherwise be for sale on the open market.
- ReSI has strong relationships with its partner housing associations and these are likely to continue with further collaboration likely.
- ReSI has a diversified portfolio providing support to multiple groups of beneficiaries with a range of positive outcomes, including security of tenure for residents, improved wellbeing, and financial savings.

POTENTIAL WEAKNESSES AND MITIGATING ACTIONS

- The social outcomes delivered by ReSI's portfolio are a result of collaborations with many partners and ReSI could engage more actively with stakeholders to ensure positive impact.
- Environmental impact has not been considered in this report but TGE understands that ReSI is running a separate project to assess the environmental performance and energy efficiency of their buildings..
- Legacy and inherited contracts and partnerships, particularly for the local authority temporary accommodation, could be strengthened to further support social outcomes.



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