

THE
GOOD
ECONOMY



Funding Affordable Homes.

Impact Report 2024

November 2024

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This report was commissioned by Funding Affordable Homes SICAV SIF S.A. ('Funding Affordable Homes' or 'FAH') and has been prepared by The Good Economy Partnership Limited ('The Good Economy' or 'TGE'), a leading independent impact advisory firm.

The findings and opinions conveyed in this report are based on information obtained from interviews with and portfolio data from FAH. The information reviewed should not be considered as exhaustive and has been accepted in good faith as providing a faithful representation of the investment strategy and its underlying holdings. We have taken steps to ensure we do not intentionally or unintentionally inflate positive impact results or under-report negative impacts. However, we acknowledge there are limitations in the quantity and quality of data available. We have identified and explained the effect of these limitations on the presentation of impact performance to the best of our ability.

The Good Economy cannot and does not guarantee the authenticity or reliability of the information it has relied upon. The Good Economy reserves the right to alter the conclusions and recommendations presented in this report in light of further information that may become available.

The Good Economy accepts no duty of care, responsibility, or liability (whether in contract or tort including negligence or otherwise) to any person other than FAH for any loss, costs, claims or expenses howsoever arising from any use or reliance on this report.

Executive Summary.



Established in 2015, Funding Affordable Homes (FAH or the Fund) is a social impact investment fund that invests in affordable housing in the UK, across both general needs affordable housing and specialist housing for people with additional support needs.

FAH's overall impact goal is to increase the provision of high-quality affordable housing to improve the lives of people in social need.

This is the ninth Impact Report for the Fund. It has been produced by The Good Economy (TGE), an independent advisory firm specialising in impact measurement and management. It covers the 12-month period from 1 July 2023 to 30 June 2024.

FAH has been active in investing for impact since 2015 and discloses against the Article 9 requirements of the European Union's (EU) Sustainable Finance Disclosure Regulation (SFDR). The Fund reports against and is a group member of the Equity Impact Project (EIP), a sector-wide initiative that provides metrics for equity investors in the affordable housing sector. FAH has also achieved a 5-star rating of 91 in its Global Real Estate Sustainability Benchmark (GRESB) assessment.

Impact Objectives



Social Need



851 HOMES WITH THE POTENTIAL TO HOUSE **C.1,600** PEOPLE



96% OCCUPANCY RATE¹

FAH's portfolio provides accommodation to meet a diverse range of housing-related needs. This includes housing to meet the needs of some highly vulnerable individuals [e.g. those experiencing homelessness, or with high-acuity support needs]. It also includes housing for those with more options available to them, but who still have a housing need [e.g. median earning households aiming to become home owners].



Fund High Quality Sustainable Developments



85% OF HOMES ARE RATED EPC A OR B



83% OF HOMES MEET NATIONAL SPACE STANDARDS

During 2023/24, FAH has undertaken well-defined initiatives to improve its understanding and management of the portfolio's environmental performance. Most feedback gathered from residents and RPs relating to the quality of the Fund's buildings is positive, however, there have been issues at a small number of schemes which may impact on resident wellbeing.



Additionality



100% OF FAH'S HOMES ARE EITHER NEW-BUILD DEVELOPMENTS OR CONVERSIONS OF EXISTING PROPERTIES TO SOCIAL OR AFFORDABLE HOUSING

FAH delivered a 119-apartment scheme during 2023/24. This brings the overall portfolio to a total of 851 homes across 10 schemes. For most of these schemes, the Fund has contributed a high level of additionality in increasing the supply of affordable homes above what may otherwise have been delivered.



Quality of Management



100% OF PARTNER REGISTERED PROVIDERS (RPS) ARE GRADED G1/V2 OR HIGHER BY THE REGULATOR OF SOCIAL HOUSING'S (RSH) GOVERNANCE AND VIABILITY STANDARDS (WHERE GRADED, ACCOUNTING FOR 56% OF PORTFOLIO UNITS)



100% OF EXTRA CARE AND SUPPORTED LIVING SCHEMES ARE RATED 'GOOD' BY THE CARE QUALITY COMMISSION (CQC) (WHERE INSPECTED, ACCOUNTING FOR 91% OF THESE UNITS)

FAH partners with property managers who deliver high quality services to residents as evidenced by positive resident survey results and regulatory gradings which show partners performing in line with good practice and/or relevant sector benchmarks.



Affordability



41% OF GENERAL NEEDS HOMES ARE AT THE MOST AFFORDABLE SOCIAL RENT LEVEL

96% OF SHARED OWNERSHIP HOMES MEET A PERSON-CENTRED AFFORDABILITY TEST

FAH's portfolio provides a range of housing solutions which deliver an affordable option for residents. This includes a high proportion of rented homes at the most affordable social rent level, and shared ownership for households who would otherwise struggle to access home ownership on the open market. Based on available information, FAH's specialist housing for individuals requiring support is delivering value for money for public budgets compared to potential alternatives.

Outcomes



Social Outcomes

Interviews and sample evidence show that FAH's portfolio delivers a range of positive social outcomes for residents, including long-term improvements in mental wellbeing, stability and safety, and social interactions.



Environmental Outcomes

FAH has this year installed smart meters across all properties, which will enable it to track resident energy usage and work with housing providers to identify areas for improvements in terms of property management and resource efficiency in future years.

¹ Occupancy rate does not include the scheme added this year, Sterling Gardens, as it opened in May 2024 and was still in its initial letting period. The rented units were fully let by early November 2024.

1 Introduction.

1.1 About Funding Affordable Homes

Funding Affordable Homes (FAH or the Fund) is a social impact investment fund that invests in affordable general needs and specialist housing in the UK. Launched in 2015, it aims to help alleviate the UK's shortage of affordable housing by offering a new source of funding to the sector to deliver more homes while delivering long-term financial returns to investors.

As of June 2024, FAH owns a portfolio with a Gross Development Value of £152.2 million (net of Government grant). This comprises ten schemes, consisting of 851 homes with the potential to house c.1,600 people.

FAH is a specialist investment fund authorised and regulated by the Luxembourg regulator (Commission de Surveillance du Secteur Financier). The Fund has a subsidiary housing association – Funding Affordable Homes Housing Association (FAHHA) – which can secure UK Government grants, deliver Section 106 planning obligations, and receive subsidised or free land from local authorities.

In 2019, FAH appointed Edmond de Rothschild Real Estate Investment Management (UK) Limited (EdR) as its property advisor. EdR provides all real estate and investment advisory services.

HOW FAH IS FUNDED

FAH is funded by a range of investors. This includes:

- > Private investors
- > Institutional investors, including Local Government Pension Schemes
- > Specialist social investors, including Better Society Capital and the Joseph Rowntree Foundation.

**BETTER
SOCIETY
CAPITAL**

Better Society Capital is one of the leading social impact investment organisations in the UK. It exists to improve the lives of people in the UK through investment with a sustainable return.

JRF JOSEPH
ROWNTREE
FOUNDATION

JRF is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration, and practical solutions, JRF aims to inspire action and change that will create a prosperous UK without poverty.

1.2 Investment and Impact Thesis

FAH's overall impact goal is to increase the provision of high-quality affordable housing to improve the lives of people in social need.

Under this goal, FAH has worked with TGE to develop an Impact Measurement and Management (IMM) system to enable the Fund to measure, manage and report on the impact of its investments.

The IMM system is structured around a core framework, which includes FAH's impact objectives and the intended outcomes of the Fund's investments for people and planet.

FAH's IMM Framework and how the Fund delivers positive social outcomes



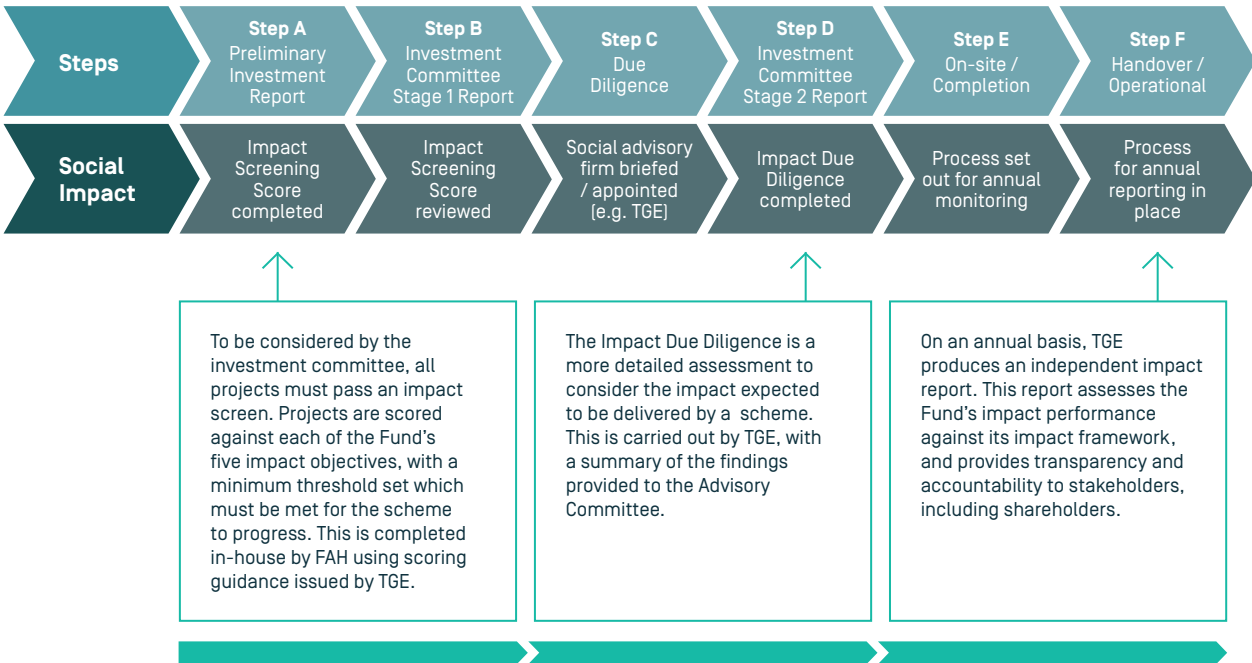
TGE has been the social impact advisor to FAH since the Fund's launch in 2015, when the IMM system was originally designed. Since then, various updates have been made to the IMM to ensure it keeps up with the Fund's strategy and evolving impact management practices. The IMM was most recently updated in January 2024 to provide additional guidance for the Impact Screen scoring [see below for details].

FAH discloses in line with the Article 9 requirements of the European Union's (EU) Sustainable Finance Disclosure Regulation (SFDR).²

² [European Commission, Sustainability-related disclosures in the financial services sector](#) – Article 9 funds have sustainable investment as their objective and specifically target sustainable investments.

1.3 Impact Management Framework

FAH has worked with TGE to ensure that impact considerations are integrated at each step of the investment process.



1.4 This Report

This report has been produced for FAH by TGE. It is an independent impact report for FAH, covering the 12-month period from 1 July 2023 to 30 June 2024.

The report is based on our independent assessment of FAH's performance against its stated impact objectives and whether any measurable changes are taking place in outcomes being experienced by people, places and the planet. The assessment of outcomes is based on the five dimensions of impact, which are part of industry-wide norms developed by the Impact Management Project (now housed under Impact Frontiers).³

The research methodologies, data sources and associated evidence risk that inform the report are outlined in Appendix I.

STATEMENT OF INDEPENDENCE

TGE is an independent advisory firm specialising in impact measurement and management.

We have robust processes in place to preserve our integrity and independence, as outlined in our Code of Practice. Before commencing with FAH, we examined our suitability to take on the role of an independent review of impact performance and confirmed that there was no conflict of interest.

We have served as the social impact advisor to FAH since 2015. In this role, we supported FAH to design its impact measurement and management system, which included the development of a methodology to screen and select assets based on their expected impact performance. However, we are not involved in investment decision-making and have no role in the management of the fund. We therefore feel this does not represent a threat to our independence and are able to take an objective opinion on impact performance.



FAH AND FAHHA STATEMENT ON BOARD DIVERSITY

"FAH and FAHHA are committed to practicing equality of opportunity, promoting diversity and having an inclusive approach."

FAHHA's board underwent some changes in 2023/24 as previous members came to the end of their permitted tenure. The FAH and FAHHA boards now comprise a total of 9 members: seven males and two females, of whom seven are White European and two are British Asian, and whose ages range 46 to 71.



CASE STUDY

River Beal Court, Rochdale

River Beal Court provides supported living in self-contained apartments for 37 residents, with one-to-one support where needed and 24-hour staff on site. The scheme serves residents with care requirements such as learning disabilities, brain injuries, and mental health needs. The building is managed by Partners Foundation and care services are delivered by Future Directions. Both organisations have been in post at the scheme since it opened in 2020, and they have a good working relationship. We visited River Beal in July 2024, having also visited previously in 2021.

The building itself is now through the snagging period. On our visit, we heard that the homes continue to effectively meet the needs of residents. There is an on-site community café/hub space – this is a focal point and provides an important bridge between many residents, their families and members of the local community.

Several River Beal residents have volunteered in the café over the years, and there are regular social events such as music nights.

Some residents have lived at River Beal Court since the scheme opened in 2020 and view it as their long-term home.



Resident Story – Keith

We spoke to Keith when visiting River Beal in 2021. He has now been a resident for four years and continues to be happy and settled living there. Before coming to live at River Beal, Keith was in shared accommodation and found it a tough place to live. At River Beal, his apartment and the support he can access have enabled him to be more independent. He most appreciates the freedom he has, being able to set his own schedule. Keith has also been able to personalise his space and make it his own, including having his much-loved pets with him.

At River Beal, his apartment and the support he can access have enabled him to be more independent.



Resident Story – Rebecca

Rebecca moved to River Beal three years ago from her parents' home. It took some time to settle in, but Rebecca stated she is now very happy there, having made good friends. She enjoys trips organised by the care provider, such as a recent excursion to Blackpool Pleasure Beach. Rebecca also appreciates having more control over her money and being able to learn to manage her own finances. She has built good relationships with the Partners Foundation team and care staff. Living at River Beal has enabled Rebecca to have new experiences independently of her family, while maintaining good contact with them and seeing them on a regular basis.

It took some time to settle in, but Rebecca stated she is now very happy there, having made good friends.



Resident Story – Jess

Jess has lived at River Beal since 2022, having previously had some challenges managing finances. She views River Beal as a stepping stone and has valued the support received around money management as well as with doctors' appointments. She has built friendships at River Beal and is able to maintain relationships with friends living elsewhere and keep up regular contact with family. Jess appreciates the freedom she has living here, while having access to support when she needs it.

Jess appreciates the freedom she has living here, while having access to support when she needs it.



2 Portfolio Overview.



Birchett Road – Aldershot, Hampshire
£9.1m Gross Dev Value (net of Grant)
Social and affordable rented and shared ownership homes
58 x 1- to 4-bed apartments and maisonettes
c.120 people housed



Island Point – Tower Hamlets, London
£38.0m Gross Dev Value (net of Section 106 benefit)
Social and affordable rented and shared ownership homes
172 x 1- to 5-bed apartments and houses⁴
c.450 people housed



River Beal Court – Rochdale, Greater Manchester
£5.5m Gross Dev Value (net of Grant)
Supported living for individuals with a care need
37 x 1-bed apartments
c.55 people housed



Ashey Road – Ryde, Isle of Wight
£12.0m Gross Dev Value (net of Grant)
Extra care and shared ownership for over 55s, or over 45s with a support need
27 x 2-bed bungalows, 75 x 1- & 2-bed apartments
c.150 people housed



Midland House – Luton, Bedfordshire
£9.6m Gross Dev Value
Homelessness project
78 x 1- & 2-bed apartments
78 people housed



Rosebank Park – Harwich, Essex
£14.4m Gross Dev Value (net of Grant)
Extra care for over 55s
70 x 1- & 2-bed apartments
c.105 people housed



Colwell Road – Freshwater, Isle of Wight
£10.3m Gross Dev Value (net of Grant)
Extra care and shared ownership for over 55s, or over 45s with a support need
75 x 1- & 2-bed apartments
c.110 people housed



Sterling Gardens – Newbury, West Berkshire
£23.0m Gross Dev Value (net of Grant)
Social and affordable rented and shared ownership homes
119 x 1- to 3-bed apartments
c.320 people housed



Beaumont House – Walton-on-the-Naze, Essex
£12.5m Gross Dev Value (net of Grant)
Extra care for over 55s
60 x 1- & 2-bed apartments
c.90 people housed



Balmoral Place – Northampton, Northamptonshire
£17.8m Gross Dev Value
Extra care for over 55s
80 x 1-bed apartments
c.120 people housed

Gross Dev Value (net of Grant): £152.2m⁵
Total number of homes: 851
Potential number of residents: c.1,600

⁴ One shared ownership unit at Island Point was fully staircased out (i.e. the resident now owns 100% of the property). As such, it has been removed from the FAH portfolio.
⁵ Defined as current fair value (i.e. third-party values of Shareholders' interests) plus grant (from Homes England and LAs). Total excludes £7.2m from the Fund's temporarily remaining shared ownership properties at Landmark Pinnacle, and £170,000 from its Independent Living properties, both of which are being held for sale.

3 Impact Performance.

3.1 Performance Against Impact Objectives

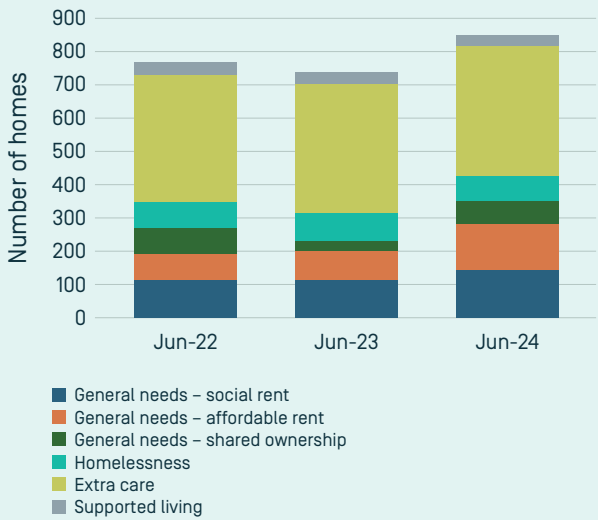


Provide housing to support those with a Social Need

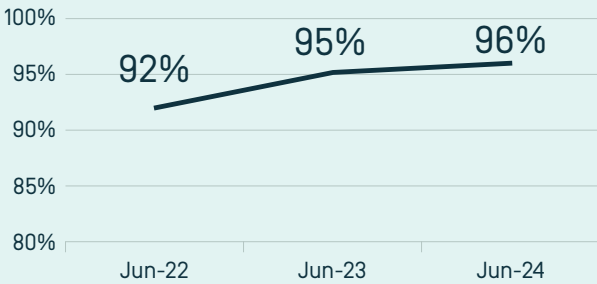
FAH's portfolio provides various tenure types, meeting a diverse range of needs. This includes affordable general needs homes for lower earners struggling to rent or buy on the open market, extra care for older people, supported living for adults with disabilities, and a project for people experiencing homelessness. The Fund's investment process ensures that all schemes meet a social need, with most of the homes in its portfolio meeting a pressing need for individuals who would otherwise be underserved.

Metric	June 2024
Percentage of homes in the 20% most deprived local authorities based on the Index of Multiple Deprivation	40%
General needs – percentage of rented homes in boroughs with greater than average social housing waiting lists	51%
General needs – percentage of shared ownership homes in areas of constrained affordability ⁶	100%

Breakdown of total homes by type



Occupancy rate*



*Note June 2024 does not include Sterling Gardens which only opened in May 2024 and was still in an initial letting stage. The scheme was fully let by early November 2024. June 2024 figures for the Freshwater scheme also exclude five units which are currently unavailable as they await legal transfer of tenure type from shared ownership to rent.



General Needs

FAH owns three general needs schemes – Island Point in London, Birchett Road in Aldershot and FAH's newest development, Sterling Gardens in Newbury. Cumulatively, these schemes provide 349 affordable homes, playing a crucial role in enabling lower-income families to get off the social housing waiting list in their respective areas.

Island Point in particular is located in a borough with a significant need for more affordable accommodation. The scheme is in Tower Hamlets, where the proportion of households on the social housing waiting list is nearly four times the national average.⁷ Unsurprisingly, the scheme remains consistently at full occupancy with little movement of residents who rent and all shared ownership homes sold.

Sterling Gardens, which completed development and opened its doors to residents in May 2024, has also experienced strong demand, with all units let by the start of November. Additionally, we heard from the housing manager that many new residents were moving in from temporary accommodation and/or had experienced homelessness. This includes a number of single parents, some of whom have experienced domestic abuse. The scheme is therefore freeing up temporary accommodation, reducing the social housing waiting list, and providing homes for those with urgent housing needs (see case study on page 16).

Homelessness

Midland House is FAH's homelessness investment. It is a 78-bed project that provides accommodation for people who are experiencing homelessness in Luton, which has the highest rate of homelessness in England outside of London.⁸

During an interview with the housing provider, IMPAKT Housing & Support, we heard that the need for this accommodation only grows. During 2023/24, there were 1,031 referrals into the service, at an average rate of 20 per week – an increase of 96% compared to the previous year, showing the severity of the homelessness crisis in Luton.

Extra Care and Supported Living

Across FAH's extra care and supported living properties, occupancy is at 95%. These schemes are playing an important role in meeting the housing needs of older people and people with disabilities, who need specialist support to live independently.

This occupancy rate is in line with the national average for all supported housing (95%).⁹

Occupancy has now increased at schemes that previously experienced higher voids, namely Rosebank Park (Harwich) and Beaumont House (Walton-on-the-Naze), following the introduction of an improved nominations agreement. We have heard that staff are now able to support residents with higher care packages, which was requested by the local council, thereby increasing the occupancy rate.

However, we heard that demand is low for the shared ownership units at Freshwater where there is to be conversion of some into rental units to better align with local need.

⁶ 'Area of constrained affordability' defined as a local authority/borough in which the median house price to earnings ratio is greater than the national average (8.26 in England in 2023).

⁷ Approximately 19.6% of households in Tower Hamlets are on the social housing waiting list (national average = 5.0%).

⁸ Shelter, at least 309,000 people are homeless in England today. 14 Dec 2023.

⁹ Housemark, Sector Scorecard – note this benchmark is from 2022, however this is the latest year that data was published.

CASE STUDY

Sterling Gardens, Newbury

Sterling Gardens is a 119-unit new-build development in Newbury, comprising 27 social rent, 62 Affordable rent and 30 shared ownership homes.

Sterling Gardens was originally intended for full-private sale, it was purchased by FAHHA using grant subsidy from Homes England and West Berkshire, providing long-term affordable homes to meet local demand. We visited the scheme in July 2024, speaking with representatives from Pinnacle Housing (the Managing Partner overseeing the scheme) and several new residents.

Resident nominations come from West Berkshire Council for the rented homes, under a Local Lettings Plan, aiming to establish a 'sustainable' mix of resident and household types across the scheme and within each block. Acquired in March 2024, the scheme became operational in May. As of the end of August the rented homes were 83% let and full occupancy was achieved by the

start of November. The shared ownership homes are being marketed by an experienced shared ownership sales agent, with numerous enquiries and the first owners in legals.

The scheme is well-located within Newbury, around a 10-minute walk to the town centre. Homes are built to a high standard, with each flat having a balcony and the whole scheme having access to a private podium garden in the centre, with undercroft parking at a ratio of over 1:1. During our visit, we heard that a sense of community within the scheme is already growing as the properties move to full occupancy, with residents using the podium garden during the summer months.



Resident Story – Emily

Emily moved into an Affordable rent flat with her partner and nine-year-old daughter in June 2024. They were previously living in an older social housing property above a shop, with little insulation and recurring mould problems. In comparison, their new home is much quieter and has brought peace of mind. Emily described her mental health as much improved since moving, feeling 'happier and more relaxed', particularly as her daughter is more settled. They have more space here with two bedrooms and the balcony, and Emily spoke of her

new home being much more secure. The quality of the home has also been appreciated, with 'great decoration and a good bathroom' and everything provided [in terms of white goods]. Emily noted that the location is great for getting to school, work and running errands, with lots of amenities within walking distance – much better than where they were previously. Having only been there one month, things are going well so far and they anticipate wanting to stay there for a long time.

Emily described her mental health as much improved since moving, feeling 'happier and more relaxed', particularly as her daughter is more settled.

Resident Story – Tom and Annabelle

Tom and Annabelle moved into their flat with their baby daughter and are settling in well. They are in a two-bed Affordable rented flat, with additional outdoor terrace space. This is their first home, having previously lived with parents. They were impressed by the building quality, saying that ‘it couldn’t be more perfect’. The on-site building manager has responded quickly and been able to resolve any issues. The provision of private, secure parking has been a real benefit, as has the location, which has reduced Tom’s commute to work. They are looking forward to getting fully settled.



They were impressed by the building quality, saying that ‘it couldn’t be more perfect’.

Resident Story – Amy

Amy lives with her four-year-old son in a two-bed social rent flat, having moved in two months earlier. Previously, they were homeless, staying in her mum’s living room for three years. Before this, they were in a flat with hidden black mould, causing her son (then a baby) to end up in hospital. It then took a while for them to get on the social housing waiting list. Amy said it has made a ‘massive’ difference living here, and that she feels like she ‘has her freedom back’. Having her own space, with a separate bedroom for her son, has also enabled Amy to complete university work in peace. She described the location as ‘great’ and it means she can still easily visit family. Overall, Amy noted her new home was helping to reduce stress and had improved her mental wellbeing.



Amy said it has made a ‘massive’ difference living here, and that she feels like she ‘has her freedom back’.

FAH’s portfolio is weighted towards areas of higher deprivation, with 40% of the Fund’s homes in the 20% most deprived local authorities in England.

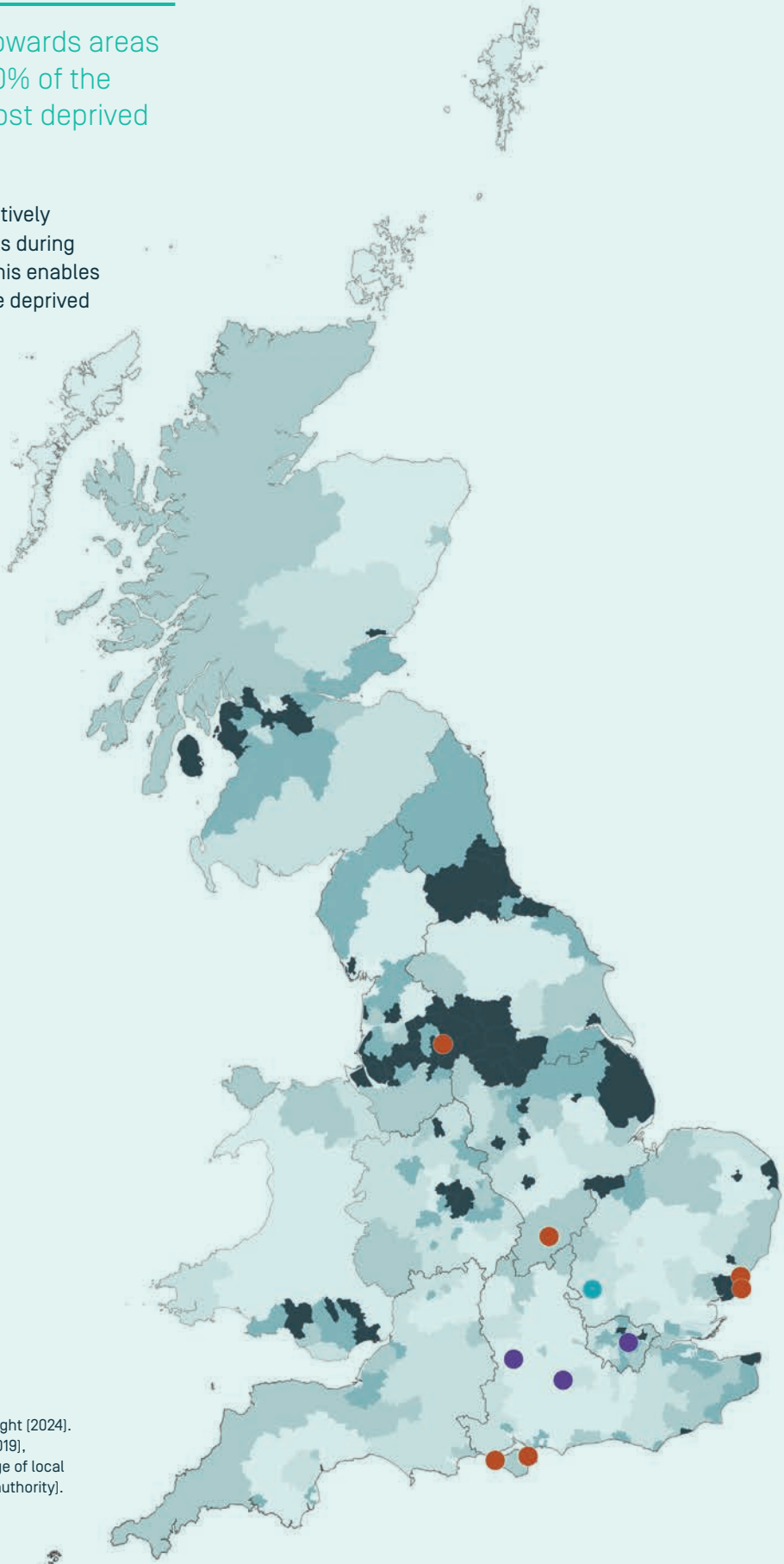
The level of deprivation in an area is actively considered for all potential investments during FAH’s Impact Due Diligence process. This enables the Fund to target investments in more deprived areas where possible.

Index of Multiple Deprivation



Location of Properties

- Extra Care and Supported Living
- General Needs
- Homelessness Project



Contains OS data @ Crown copyright and database right (2024).
Data Sources: English Indices of Deprivation (IMD) (2019),
Scottish IMD (2020) and Welsh IMD (2019) – percentage of local
areas in the 20% most deprived nationally (by local authority).
Each nation to be treated separately.

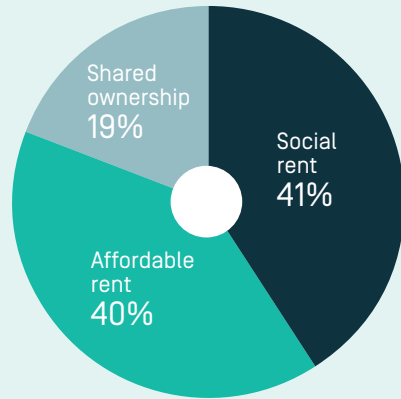


Maximise **Affordability** for residents

FAH's portfolio provides a range of housing solutions which provide an affordable option for residents. This includes general needs housing, where a high proportion of the Fund's homes are at the most affordable social rent level, alongside affordable rent homes and shared ownership for households who would otherwise struggle to access home ownership on the open market. In addition, we assess that FAH's specialist housing for individuals requiring support should be delivering value for money for local authorities.

General Needs Affordability Analysis (represents 41% of portfolio)

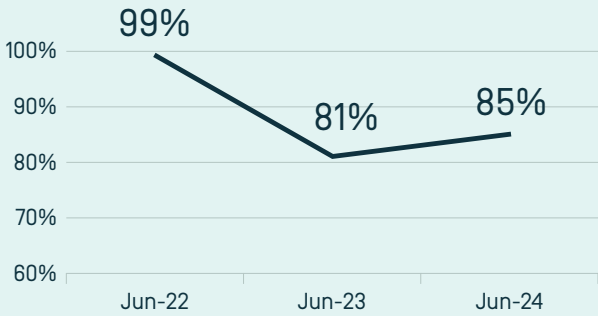
General needs – Breakdown by tenure type (June 2024)



General needs [shared ownership] – Homes meeting a person-centred affordability test*



General needs [rented] – Homes with rents at or below Local Housing Allowance



Homelessness – Affordability Analysis (9% of portfolio)

FAH's homelessness accommodation is likely to be leading to cost savings for local authority budgets by providing a cost-effective solution to housing individuals and providing a pathway out of homelessness.

Extra Care and Supported Living – Affordability Analysis (50% of portfolio)

Based on available information, FAH's Extra care and supported living is delivering value for money for public budgets by reducing the need to house individuals requiring support in their daily lives in higher-acuity facilities.



Left: Shared ownership apartment at Sterling Gardens, Newbury
Right: Shared owner at Island Point, Tower Hamlets

General Needs

Across FAH's general needs portfolio, 41% of homes are social rent – the most affordable of tenures. This is a substantially higher proportion than the national average, where only 15% of new affordable homes in 2022/23 were earmarked for social rent.¹⁰

A high proportion of the Fund's homes [85%] have rents set at or below the Local Housing Allowance [LHA]. We consider these homes to be affordable to those on the lowest incomes, either because their income is sufficient to afford the rental costs without becoming overburdened, or because the rent can be entirely covered by their LHA [assuming households are of an appropriate size]. The last three years have seen an overall decline in the proportion of FAH's rented homes with rents set at or below LHA – largely as a result of government policy.¹¹

Across FAH's shared ownership portfolio, affordability analysis shows that 96% of the Fund's homes are affordable to households who, without shared ownership, would be priced out of most of the property market in their area – assuming they spend 33% or less of their income on monthly mortgage and rent payments. The small remaining amount of 4% are affordable to those same households, but only if they spent c.40% of their income on housing costs¹² – an improvement on last year's results, largely the result of lower interest rates which has brought the cost of mortgages back down after hitting a 15-year high in 2023.¹³

Across the whole of FAH's portfolio, rents were increased 7% this year. This is in line with government guidance.

¹⁰ [DLUHC, Affordable housing supply in England: 2022 to 2023, 30 Nov 2023.](#)
¹¹ From April 2020 to March 2024, the Local Housing Allowance (LHA) rate was frozen at the same level. In April 2024, LHA rates were increased for the first time in four years. As FAH's rents have generally increased with inflation each year, the LHA freeze from 2020-2024 has meant that LHA has not kept pace with the inflationary increases applied across the FAH portfolio during that period.
¹² Note that previous year's results have been re-calculated to align with a change in method to remove mortgage stress tests from the affordability calculation [the results for 2022 and 2023 therefore differ from those stated in previous year's reporting]. This decision was undertaken to align with [Bank of England policy](#).
¹³ [BBC News, Mortgage rates soar to highest level for 15 years, July 2023.](#)



Beaumont House, Walton-on-the-Naze

Homelessness

At Midland House, virtually all residents have their housing costs entirely covered by housing benefit¹⁴ which means the cost of accommodation falls to the local authority rather than the individuals. In terms of value for money for public budgets, the scheme should provide cost-effective solutions in both the short- and long-term:

- > **Short-term** – reducing the need to place individuals in expensive (and inadequate) temporary accommodation, including hotels and B&B.
- > **Long-term** – providing a pathway out of homelessness and developing the independent living skills of residents to reduce their dependence on long-term Government support.¹⁵

Midland House achieved 61 move-ons in 2023/24, with 77% of these being 'planned' moves. It is reasonable to assume that these planned moves will contribute to a long-term reduction in Government support for these individuals as they move towards their own tenancies and rebuilding livelihoods after experiencing homelessness.

Extra Care and Supported Living

Independent evidence suggests that extra care schemes can deliver cost-savings by reducing or delaying the need for older people to move into higher-acuity settings such as residential care.¹⁶ FAH's rental costs for its extra care units are also significantly lower than the UK average for residential and nursing care.¹⁷

FAH's extra care schemes also include a portion of shared ownership extra care homes (14% of FAH's total extra care portfolio). Compared to rented extra care, these homes are likely to be serving individuals with relatively higher income levels, who may be downsizing from previous homes which they are likely to have owned outright.

With supported living, there is also evidence to suggest that it can provide a cost-effective solution of providing housing to those with complex needs, compared to potential alternatives such as residential care or an inpatient place.¹⁸

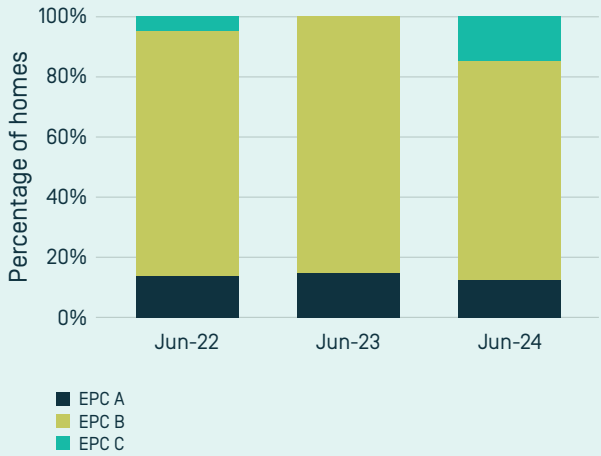


Fund High Quality, Sustainable Developments

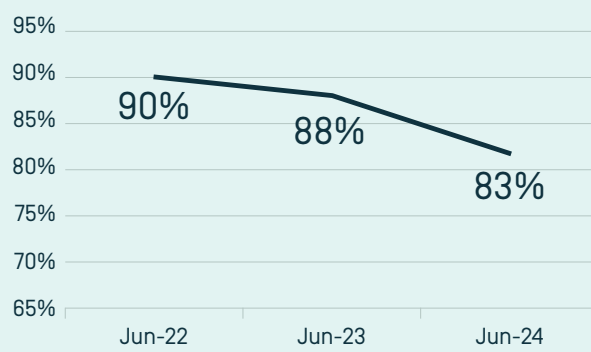
FAH's schemes perform broadly in line with expectations for a new-build portfolio in terms of energy efficiency. This year, the Fund has undertaken various initiatives to improve the environmental performance of the portfolio, including having smart meters installed across all schemes. We expect to see the benefits of these initiatives realised in future years. Site visits have generally revealed schemes to be built to a high-quality to meet resident needs, though there have been some issues raised – most notably the need to replace the roof at Birchett Road in Aldershot.

Metric	June 2024
Average walking or public transport travel time to nearest train station	16 minutes
Breakdown of provisional BREEAM In-Use assessments: ¹⁹	
> Very Good	33%
> Good	33%
> Pass	33%
Percentage of homes with property lifecycle plans in place and on track	100% ²⁰

Breakdown of EPC Ratings



Percentage of homes meeting National Space Standards*



*Reduction from 88% to 83% due to the new scheme, Sterling Gardens, which was built for private sale and where only 57% of homes meet NSS. However, most are only marginally below: 89% of the scheme's homes meet or are within 5% of NSS.

¹⁴ In June 2024, the weekly rental cost per resident at Midland House is 87% of the local one-bedroom LHA rate in Luton (this is the rent charged by FAH to the housing provider).

¹⁵ Crisis, Cost of homelessness – Research shows that effective early interventions reduce the personal and financial cost of homelessness.

¹⁶ National Housing Federation, Value of Sheltered Housing, 2017.

¹⁷ Care Home UK, Care home fees and costs: How much do you pay?, Nov 2024.

¹⁸ Mencap & Housing LIN, Funding supported housing for all, April 2018.

¹⁹ Note for the June 2023 results, the BREEAM In-Use Assessments were provisional assessments. The results for June 2024 show the final confirmed assessments. Excludes Sterling Gardens, Newbury, as this scheme only completed in Q2 2024.

²⁰ Excluding Sterling Gardens, Newbury, as this scheme only completed in Q2 2024.

Left: Island Point, Tower Hamlets, London
Right: Ashey Road, Ryde, Isle of Wight



Shared ownership apartment
at Sterling Gardens, Newbury



Environmental Sustainability

During 2023/24, the Fund's overall EPC score decreased, with the proportion of homes rated EPC A or B reducing from 100% to 85%. This drop is a result of FAH's latest acquisition, Sterling Gardens, where all homes are rated EPC C.

Energy performance for this scheme is therefore below average for all new-builds in England and Wales, where the average EPC rating is B.²¹ Yet the portfolio as a whole still outperforms the average for all housing stock in England and Wales, which is EPC D.

FAH launched various initiatives this year to track and with a view to improving the long-term environmental performance of the portfolio. As part of these efforts, the Fund conducted BREEAM In-Use Assessments on all schemes, which show the portfolio to be split with one-third of schemes each rated Pass, Good and Very Good.

Four of FAH's 10 schemes also have on-site renewable energy production in the form of solar panels. These are present at Ryde, Freshwater, Island Point and Sterling Gardens, with production capacity ranging from approximately 9 to 20kW across the schemes.

THE FUND'S FIRST PUBLIC-FACING GRESB SCORE

FAH's GRESB Score for 2024 is 91/100 – a material improvement on the 2023 score during the first-year grace period, when the Fund's score was 48/100.

FAH's score places it ahead of the GRESB average of 74 and the peer average of 77.

The improvement in score is largely related to the installation and collection of energy consumption data. From this baseline, improvements can be planned and actioned to increase the score further. One part of improving the scores has also been achieving building certifications, which have been undertaken by conducting BREEAM In Use assessments.



Build Quality

During site visits to FAH's schemes, we have generally found that properties have been built to a high standard and heard positive feedback from residents that buildings are designed appropriately to meet their needs.²²

For example, the building manager at Balmoral Road, Northampton, reported substantial demand from people wanting to move in. They attribute this to the perceived quality of the scheme and the knowledge that it offers a long-term home with on-site support. Similar feedback was received in relation to River Beal Court.

There were a couple of issues raised during interviews with housing management partners. For example:

> **Birchett Road, Aldershot** – where the roof of the scheme needed to be replaced due to leaks and associated issues in several apartments. This has impacted resident wellbeing, particularly as some residents needed to be temporarily re-housed while remediation works took place. However, we heard from Mears, the building manager, that FAH has been proactive in resolving the issue, including

working in partnership with the council, taking steps to avoid resident disruption and alleviating resident concerns as far as possible.

> **Ryde and Freshwater** – we heard that there were design faults where the diagnosis of the underlying issues took a long time to identify, but that works are now underway to resolve them.

The proportion of FAH's homes that comply with National Space Standards (NSS) reduced this year from 88% to 83% as a result of the inclusion of FAH's new scheme, Sterling Gardens, where 57% of homes meet NSS. However, most of the remaining 43% of homes are only marginally below NSS. 89% of the scheme's homes meet or are within 5% of NSS.

None of the residents interviewed at Sterling Gardens raised the size of living space as a concern and all homes have a balcony and access to a secure, shared garden. We are therefore comfortable that the scheme is appropriately designed to meet the needs of current residents, but this is an area we will continue to monitor.²³

²² In our role preparing FAH's annual impact reports, we have visited all FAH schemes at least once. For this year's report, we conducted visits to River Beal Court and Sterling Gardens.

²³ Evidence shows that a lack of dwelling space can have a significant negative impact on resident wellbeing. [University College London, Space standards: The benefits, April 2010.](#)

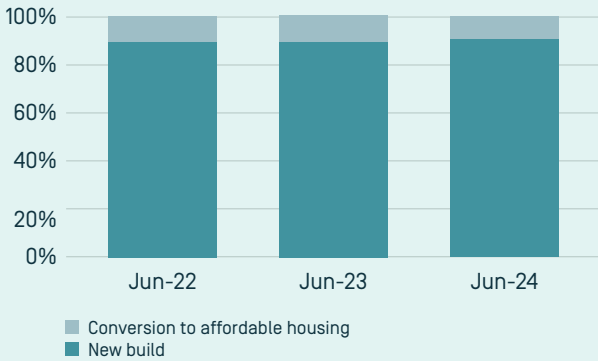


Fund homes that demonstrate **Additionality**

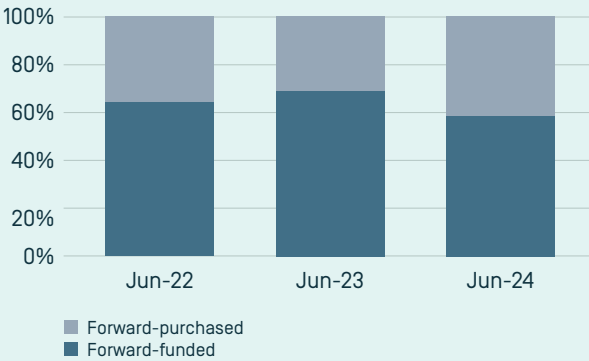
FAH delivered one new scheme in 2023/24 – Sterling Gardens in Newbury, a 119-unit affordable housing development [see case studies on pages 16-18 for details]. Sterling Gardens is FAH's first new investment since 2019, but its impact ambitions remain unchanged, and we understand there are substantial opportunities in the pipeline. FAH hopes to raise new capital to deploy to new investments in the coming years.

Metric	June 2024
Number of schemes	10
General needs – Breakdown of homes by financing route	
> Section 106	49%
> Grant-funded	51%
Breakdown of scheme-level TGE Additionality ratings	
> High	7
> Medium/High	1
> Medium	2
> Low	0

Breakdown of homes by build type



Breakdown of homes by transaction type



Sterling Gardens, Newbury



Since the launch of the Fund, the overall portfolio has grown to a total of 851 homes across 10 schemes.²⁴ For seven of these schemes, we assess FAH to have contributed a high level of additionality. All but one of the Fund's developments are new-builds.

Across five of these schemes, FAH used its wholly-owned subsidiary Funding Affordable Homes Housing Association (FAHHA) to access UK Government grant funding or to deliver housing through Section 106 planning obligations – thereby driving forward affordable housing delivery which may not otherwise have occurred.



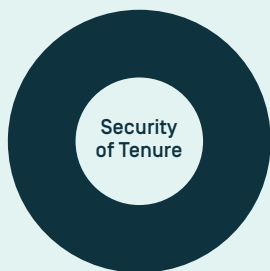
Manager at Midland House, Luton

²⁴ Note FAH also has/had two schemes which no longer meet the Fund's social commitments, which have been, or are currently in the process of, being sold. This applies to Landmark Pinnacle, 35 high value shared ownership apartments in Tower Hamlets [see case study on page 30 of [FAH's 2023 Impact Report](#)] and the Independent Living portfolio [see case study on page 30].



Work with partners to provide high **Quality of Management**

FAH is not directly involved in the day-to-day management of its properties. The Fund generally engages in management leases with partner Registered Providers (RPs). To maintain FAH's management standards, it therefore strives to choose high-quality partners to provide services to residents. Evidence drawn from various sources suggests that FAH is achieving its objective of partnering with RPs who can and do deliver a high quality of service to residents.



100%
GENERAL NEEDS (RENTED): PERCENTAGE OF RESIDENTS WITH A **3-YEAR ASSURED TENANCY AGREEMENT (AST)** OR LONGER



100%
PERCENTAGE OF RPs GRADED **G1/V2** BY RSH GOVERNANCE AND VIABILITY STANDARDS²⁵



100%
HOMELESSNESS PROJECT: PERCENTAGE OF RESIDENTS IN RECEIPT OF **SUPPORT** ALONGSIDE THEIR ACCOMMODATION



100%²⁶
EXTRA CARE AND SUPPORTED LIVING: PERCENTAGE OF SCHEMES WITH CQC RATING **'GOOD'** OR **'OUTSTANDING'**

All metrics have remained at 100% each year between 2022 and 2024.

General Needs

FAH's three general needs schemes are managed by three different RPs: Poplar HARCA manage Island Point, Plexus manage Birchett Road, and Pinnacle Group manage Sterling Gardens.

Pinnacle represents a new partnership for FAH. It is a large private sector organisation, managing 70,000 homes across the UK. We visited the scheme and an on-site property manager has been appointed. Their responsibility is to oversee site management and to work with the local authority to implement a local lettings plan that ensures a variety of residents and household types. To support the move-in process at Sterling Gardens, a specialist consultant was commissioned to work with Pinnacle to increase resident engagement. FAH is currently developing a Resident Engagement strategy.

Poplar HARCA, which specialises in managing properties in East London, is the scheme manager for Island Point. On our visit in 2023, we heard that there had been some minor issues with antisocial behaviour from non-residents coming onto the site. To help resolve this issue, a safeguarding interventions manager has been appointed. Part of their role is to contribute to creating more of a community feel on the site. The scheme also has an active resident board which meets quarterly. Tenant Satisfaction Measures (TSM) surveying for the Island Point scheme shows that 96% of respondents reported being satisfied with the overall service provided by Poplar HARCA²⁷ – an excellent rate which is far above average for the sector and higher than Poplar HARCA's organisation-wide score.

At Birchett Road in Aldershot, some challenges around antisocial behaviour were also reported. However, we understand that the RP, Plexus, has effectively resolved the problems. With the roof replacement works ongoing, a large part of Plexus' focus this year has been managing the scheme in a manner to minimise disruption to tenants.

Across all of FAH's partner RPs, TSM data shows that (where known) all except one RP achieved overall resident satisfaction scores that were above average for the sector. Three RPs reported overall resident satisfaction levels at least 10% higher than the sector average (see table below).

Partner	Tenant Satisfaction Measure – Percentage of residents satisfied with overall service	Sector Average
Poplar HARCA	86% ²⁸	73% ²⁹
Plexus (Mears)	60% ³⁰	
IMPAKT Housing & Support	95% ³¹	
Orwell Housing	76% ³²	
Southern Housing	67% ³³	
Partners Foundation	83% ³⁴	

Homelessness

Midland House is managed by IMPAKT Housing & Support. In numerous visits to the scheme over several years, we have consistently received excellent feedback regarding the quality of service it provides – reinforced by IMPAKT's high TSM satisfaction rates.

²⁵ Three of FAH's seven partner RPs have a Governance and Viability (G/V) grading from the RSH, with all three at G1/V2. Collectively, these three providers manage five of FAH's 10 schemes, accounting for 56% of the portfolio units. We note Southern was upgraded from G2/V2 in August 2024. The other three RPs have not been assessed because they are under the 1,000-home threshold to receive a formal G/V grading from the RSH.

²⁶ CQC ratings are available for five out of FAH's six extra care and supported living schemes, accounting for 91% of these units. Three of these schemes are to be re-inspected following a change of service provider (though the most recent CQC rating for all three schemes was 'Good') and one scheme is yet to be inspected for the first time.

²⁷ Based on 28 respondents who completed TSM surveys.

²⁸ Poplar HARCA, Tenant satisfaction measures (TSM): Results for 2023-24.

²⁹ Inside Housing, Housemark reveals findings from tenant satisfaction measures first full year, June 2024 – Satisfaction with overall service (housing associations) = 72.9%.

³⁰ It should be noted that Aldershot residents have been subject to more than 12 months of major capital works.

³¹ IMPAKT, Resident Feedback 2024.

³² Orwell Housing, Our tenant satisfaction measures data 2023/24.

³³ Southern Housing, TSM Results for Rented Homes.

³⁴ Partners Foundation, Tenant Satisfaction Measures Results 2023/24.



Resident at Colwell Road, Freshwater

Extra Care and Supported Living

FAH's extra care and supported living schemes are regulated by the Care Quality Commission (CQC). For schemes that have been inspected, all have been rated as 'Good' by the CQC in their most recent inspection.

At Ryde and Freshwater, customer satisfaction results for 2023/24 reveal positive results which shows that residents are broadly satisfied with the level of service they receive. We also note that these scheme-specific resident survey results are far higher than the organisation-level Southern Housing results, which were reported under the TSMs, and were below average for the sector.³⁵

Survey question	Ryde	Freshwater
% satisfied that the service helps them to remain independent	90%	95%
% satisfied with the overall service	82%	88%

River Beal Court is managed by Partners Foundation. During a visit to the scheme this year, we heard that they have a good long-term partnership with Future Directions, the care provider, including a connection to the local area which enables them to facilitate positive long-term outcomes for residents (see case study on page 10).

SALE OF INDEPENDENT LIVING PORTFOLIO

Since 2019, FAH has been in the process of exiting its portfolio of Independent Living homes. The portfolio consisted of 32 properties providing 103 individual tenancies of supported housing for people with support needs. The portfolio was originally acquired by FAH in 2017. In 2018, FAHHA stepped in to manage the homes as a result of the poor performance of the original Housing Association. This was intended to be a short-term measure, with the plan being to sell the homes at an appropriate time.

As of 30th June 2024, all but one of the properties had been sold by FAH. Following the end of the reporting period, the final remaining tenanted property was sold, with the tenant remaining in residence. One of the sale transactions included 20 properties, covering 80 residents. We understand that the handover process has been smooth and FAHHA is not aware of any adverse outcomes experienced by residents.

For this report, we conducted an interview with Reside with Progress, the Housing Association that has taken on the freehold for two of these Independent Living properties in Leicestershire. These two properties provide a home to four residents with shared facilities.

During the interview, we heard that the transfer process had resulted in 'very little disturbance to residents'. As the incoming Housing Association, Reside with Progress initiated multiple face-to-face meetings with residents and guardians (where applicable). This provided an opportunity to ask questions and confirm satisfaction with the current care provider. Some work was undertaken to update the properties as part of the agreement, such as a new kitchen and flooring, but with minimal disruption to tenants. Engagement with FAH has been constructive but low key given that there have been no issues.

We are of the opinion that this provides evidence of a responsible exit, with continued provision of services and minimal effect on residents as a result of the sale.



Resident at Colwell Road, Freshwater

3.2 Progress Towards Outcomes

This section aims to assess the change in outcomes experienced by FAH's key stakeholders, and what the contribution of FAH has been to those outcomes.

The outcomes experienced by FAH's stakeholders are likely to be influenced by many factors which means that the Fund's activities only contribute partially to them. Nonetheless, assessing outcomes is a key part of an impact assessment as it provides insight into the ultimate impact achieved for people, places and planet.

We have grouped the Fund's target outcomes into two broad areas: Social Outcomes and Environmental Outcomes. These are sufficiently broad to accommodate the diverse types of schemes that FAH funds and, by extension, the variation in type of outcomes experienced.



Resident at Island Point, Tower Hamlets, London

³⁵ It is also worth noting that Southern Housing is a large organisation, managing 77,000 homes, including general needs and specialist housing. The FAH schemes managed by Southern Housing are extra care, and so the scheme-level results provide a more accurate benchmark than the overall organisation-level results.



Social Outcomes

FAH's homes contribute towards a range of positive social outcomes for residents. These vary according to type of housing and individual circumstances.

Collecting social outcomes data is challenging and therefore usually needs to be done on a sample basis. For FAH, we rotate through different schemes for each report. This report uses insights gathered for Sterling Gardens, Midland House and River Beal Court.³⁶

General Needs Housing Outcomes

Improved physical and mental health

We spoke to several residents at **Sterling Gardens** who described improvements to mental wellbeing as a result of moving into the scheme, including reduced stress and anxiety and improved sleep. Moving from temporary accommodation into a longer-term home was highlighted as a key factor, as well as the security and high quality of the property providing peace of mind. A safe and decent property without damp is crucial for basic physical health. At a previous property, one resident had ended up taking her baby to hospital due to hidden black mould. She viewed the high build quality of Sterling Gardens as a substantial improvement and a safe place for her son to grow up.

Greater stability

Residents at **Sterling Gardens** said they would be happy to stay there for a long time, particularly those moving from precarious housing situations. One resident, a single mother with a three-year-old daughter, said she sees it as her long-term home and could see herself living there until her daughter left home. Similar feedback was provided by both renting and shared ownership residents during visits to Island Point for previous year's reports.

Value for money

Some residents have moved into the **Sterling Gardens** scheme from temporary accommodation in Newbury. We heard from the housing manager, for Pinnacle Housing, that a number of residents were coming from some form of temporary accommodation, including hostels, hotels, sofa surfing and living with family. One resident had been placed in a hotel for nine months. Another resident was previously in emergency accommodation and has moved to Sterling Gardens along with several other families. The provision of 89 new rented homes frees up temporary accommodation for the council and should result in savings for the public purse.

Homelessness Outcomes

Positive move-ons

At **Midland House** there were 61 move-ons in 2023/24, of which 77% were planned moves. While this is slightly lower than the past two years (82% and 85%), this shows a high proportion of residents transitioning into longer-term housing. There was a drop in moves into private sector housing of around 50%, driven by affordability challenges when renting locally. 33% of planned moves were into a social or private housing tenancy.

Improved mental wellbeing

In the past year, in-house mental wellness coaches have been introduced at **Midland House**, seeking to bridge the gap between mental health services and drug services. A new internal needs assessment helps staff to identify areas in which residents need support and provide the right team to assist them. Connecting residents to this service should better equip them with tools to improve their mental wellbeing.

Development of new skills

There has been an uptick in resident skills and engagement sessions at **Midland House**, with a 53% increase in total sessions run and an 82% increase in total attendees reached. Courses and workshops have been taking place on a one-to-one basis and in smaller groups to make them as accessible as possible, especially where there is a language barrier. This past year, 78 sessions were run with 1,101 attendees.

Extra Care and Supported Living Outcomes

Improved confidence and independence

Residents at **River Beal Court** described how their confidence and independence has improved since moving there. This was particularly the case in terms of learning to manage their money, something mentioned by two residents. One resident spoke of growing in confidence in living independently, with the view to move on from River Beal at some point in the next few years. The provision of a self-contained apartment within the wider development provides residents with their own space while having the security of care staff on site at all times.

Improved social interactions

Residents at **River Beal Court** spoke of gaining friends since moving there and taking part in activities together organised by the care provider. The café and hub space, run by the care provider, also offers space for informal interaction as well as organised activities. It is open to the public and provides a bridge between residents and the local community.

³⁶ We aim to collect insight on social outcomes through scheme-level data, resident surveys and conversations with residents while on site visits. We ensure that the residents we speak to are given the time and space to share their feedback in a meaningful manner. This helps to generate insight with rich detail, which is representative of the real lived experiences of those living in the Fund's homes.



Environmental Outcomes

The energy efficiency of the Fund’s homes provides its main contribution towards environmental outcomes.

The adjacent table outlines the average CO₂ emissions across the Fund’s schemes. These figures have been estimated using EPC ratings. However, this year, FAH has installed smart meters across all schemes to provide actual data on occupational energy usage. This will not only help FAH in tracking energy use and making improvements but will also enable work with housing providers to identify areas of improvement in terms of management of buildings and resource efficiency. There is even potential to share data with residents at unit level, to enable comparison to peers as part of resident engagement.

These actions should contribute to more effective management and an overall reduction in energy usage across the portfolio. It should also enable FAH to publish actual figures on CO₂ emissions rather than estimates in future years’ reporting.

In 2023/24, FAH also undertook BREEAM In-Use Assessments for all properties in the portfolio. This assessment covers a range of environmental aspects of building performance, from energy and water use to pollution, waste, materials and ecology. Buildings can be rated and certified on a scale of five bands, from Pass, Good, Very Good, Excellent to Outstanding. The ratings of FAH’s schemes are outlined in the table below. Continued improvements to energy efficiency of properties by FAH are likely to improve BREEAM ratings over time.

Scheme-Level Environmental Performance Information

Scheme	Average annual CO ₂ emissions per m ² ³⁷	BREEAM In-Use Assessment
Island Point	3kg	Good
Beaumont House	9kg	Very Good
Rosebank Park	10kg	Very Good*
Freshwater	13kg	Pass*
Aldershot	13kg	Pass
Balmoral Place	14kg	Good
Ryde	15kg	Good*
River Beal Court	24kg	Very Good
Midland House	57kg	Pass
Sterling Gardens**	23kg	–

*No water meter. **Not yet available for Sterling Gardens.

4 Impact Risk.

Impact risk is the likelihood that impact will differ from expectations, and that the difference will be material from the perspective of those being impacted.³⁸

To achieve intended changes in outcomes, impact risks must be identified and mitigated against. In the table below, we identify the risks we see as potentially material to the Fund’s strategy, together with a description of its mitigating actions.

Impact Risk	Likelihood	Severity	Description and Mitigation
External Risk <i>Risk of negative external factors affecting resident wellbeing</i>	Medium	Medium	<p>There is a risk of external influences affecting residents’ wellbeing while living at FAH schemes. For example, we have been informed of some instances of antisocial behaviour, often from surrounding residents in the local area.</p> <p>Antisocial behaviour stemming from residents outside of FAH schemes is difficult to mitigate entirely. However, FAH is an engaged landlord, undertaking quarterly monitoring and bi-annual visits to all schemes, which aids in tracking any external factors which may affect residents’ lived experience of the homes.</p>
Execution Risk <i>Construction risk: Risk of building-related issues affecting resident wellbeing</i>	Low	Medium	<p>There is a risk of building-related issues affecting resident wellbeing. This is inevitable with a large portfolio of homes. Overall, the general feedback we have heard from residents suggests that overall FAH schemes offer high-quality housing and that FAH has been quick to respond when issues have arisen.</p>
Drop-off risk <i>Asset sales risk: Risk of impact not enduring for the long-term, including post-exit</i>	Low	Medium	<p>In recent years, FAH has sold, or is in the process of selling, two of its schemes (Landmark Pinnacle and Independent Living). If the Fund does not conduct a responsible exit, there is a risk of a negative impact on residents. This has been more of a risk with the sale of FAH’s Independent Living portfolio due to the vulnerable nature of the residents. We conducted a review this year and are satisfied that, on the basis of the sample of evidence we considered (see case study on page 30), the Fund undertook a responsible exit, with there being no apparent adverse impacts on residents, and the positive impact delivered by the properties and care providers likely to continue post-sale.</p>

37 Due to a change in calculation method, the average annual emissions at three schemes has been amended from the figure stated last year – Island Point (increased from 1kg to 3kg), Beaumont House (decreased from 14kg to 9kg), and Midland House (increased from 39kg to 57kg). All other figures remain the same.

38 [Impact Frontiers, Impact Risk](#).

5 Conclusions and Recommendations.

Summary Findings

- > **Social Need**

FAH's portfolio provides accommodation to meet a diverse range of housing-related needs. This includes housing to meet the needs of some highly vulnerable households [e.g. those experiencing homelessness, or individuals with high-acuity support needs]. It also includes housing for those with more options available to them, but who still having a housing need [e.g. median earning households aiming to get on the housing ladder].
- > **Affordability**

FAH's portfolio provides a range of housing solutions which provide affordable options for residents. This includes a high proportion of rented homes at the most affordable social rent level, and shared ownership for households who would otherwise struggle to access home ownership on the open market. In addition, evidence suggests that FAH's specialist housing for individuals requiring support is likely to be delivering value for money for public budgets.
- > **Fund High Quality Sustainable Developments**

During 2023/24, FAH has undertaken well-defined initiatives to improve its understanding and management of the portfolio's environmental performance. Most feedback relating to the quality of the Fund's buildings is positive. However, there was a need to replace the roof covering at Aldershot, and problems with some fixtures and fittings at Ryde and Freshwater which did not meet the needs of some residents.
- > **Additionality**

FAH delivered its first new scheme for some time during 2023/24. This brings the overall portfolio to a total of 851 homes across 10 schemes. For most of these schemes, the Fund has contributed a high level of additionality in increasing the supply of affordable homes above what may otherwise have been delivered.
- > **Quality of Management**

FAH partners with property managers who deliver a high quality of service to residents, as evidenced by positive resident survey results and regulatory gradings which show partners performing in line with good practice and/or relevant sector benchmarks.
- > **Social Outcomes**

Interviews and sample evidence shows that FAH's portfolio delivers a range of positive social outcomes for residents, including long-term improvements in mental wellbeing, greater stability and safety, and improved social interactions.
- > **Environmental Outcomes**

FAH has this year installed smart meters across all properties, which will enable it to track energy usage, and work with housing providers to identify areas for improvements in terms of property management and resource efficiency in future years.

Balmoral Road, Northampton



Key Recommendations

- > When delivering new schemes, FAH contributes substantial additionality to the sector through accessing grants and unlocking sites to drive forward delivery of new affordable homes. The Fund's contribution has been lower more recently. FAH should seek to deploy capital to impact-aligned investments to maintain its contribution in this area.
- > FAH has now delivered ten schemes across a range of tenures and building types. It should look to take key learnings from this experience, particularly from situations where schemes have faced building-related issues, and ensure that these risks are considered and mitigated against in future developments.
- > Make use of improved energy data to target areas for improvement in the environmental performance of the Fund's homes. This should lead to improvements in operational efficiency and therefore an overall reduction in the amount of CO2 emissions produced by the portfolio.



Sterling Gardens, Newbury

Appendices.

Appendix 1 – Data Sources

The table below provides transparency on the data sources contained within this report, which inform our impact assessment. The ‘Evidence Risk’ column provides our view on the likelihood that the source generates high-quality data. This includes considerations such as: completeness, potential bias, and likelihood that other relevant insights exist but could not be collected.

Data Source/Evidence	Overview	Evidence Risk	Comments
Scheme data provided by FAH	<p>FAH provided us with data gathered during due diligence, not subject to annual changes, e.g. investment value, number of homes, tenure, rent, location, partners, planning requirements, grant, and funding details.</p> <p>FAH also provided us with updated figures on data points monitored on an annual basis, e.g. occupancy, BREEAM ratings, Gross Development Value (GDV), grant funding and EPC ratings.</p>	Low	Reliant on accuracy of data provided by FAH.
Scheme data provided by Housing Partners	Data shared with us by housing management partners, e.g. occupancy levels, resident demographics and results of surveys conducted with residents (if available).	Low	Reliant on accuracy of data provided by partners. Variation in the amount and quality of data received across schemes.
Interviews with Housing Partners and Residents	<p>Interviews with FAH's housing management partners aim to get an update on progress at the scheme during the past year and hear feedback on specific building-related matters and any resident stories to highlight.</p> <p>Interviews of residents from several schemes were conducted in person while on site visits.</p>	Medium	<p>We aim to speak to all housing partners annually. This year, we spoke to representatives of all the Fund's nine schemes, as well as a scheme the Fund exited this year.</p> <p>We can only conduct interviews with residents from a few schemes. Contingent on resident views being representative.</p>

Data Source/Evidence	Overview	Evidence Risk	Comments
Site visits to selected schemes	We conduct site visits to selected schemes to hear feedback from residents and staff on their view of the scheme. This year we visited two schemes – River Beal Court and Sterling Gardens.	Medium	We can only visit a few schemes each year. However, the feedback gathered provides detailed insight direct from residents and on-site staff. We aim to visit all the FAH sites on rotation across several years reporting.
Publicly available data	We review Governance and Viability (G/V) gradings published by the RSH for each of FAH's six partner RPs. Where care is delivered to residents living in a FAH property, we review the published CQC ratings. We also use various publicly available data sources in our affordability analysis (e.g. local earnings data, rent data, house price data).	Low	Both RSH and CQC are independent regulatory bodies. Gradings should accurately reflect an independent appraisal of their standard of G/V and quality of care delivered.

About Us

The Good Economy is a leading, independent impact advisory firm. Grounded in theoretical rigour and with a broad range of expertise within our industry-leading team, our services are designed to help clients meet the growing demand for greater confidence and credibility in strategies that create positive impact or pursue sustainability outcomes.

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