

Community Asset Funds

Community Land & Finance CIC

Social Impact Report
Year six (2017-2018)



Growing local solutions
Building resilient communities
Supporting community ambitions





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Welcome. This is the sixth annual social impact report for Resonance's Community Asset Funds, operated through our community-lending arm Community Land & Finance CIC.

All Resonance impact investment funds, including the Funds covered in this report, make significant contributions to the UN Sustainable Development Goals (SDGs). The specific SDGs on which these Funds have an impact are shown here:



Summary

OVERVIEW

The Funds

Our investors entrust us with £8.25m for onward investment to communities across the UK to help them achieve their ambition to deliver social impact through profitable local community asset projects.

Currently, we have two community lending funds:

- Community Share Underwriting Fund (CSUF), £3m, fixes the problem of community-funded projects needing to build confidence and momentum as they pursue community share offers to finance their work. The fund was fully deployed last year.
- Affordable Homes Rental Fund (AHRF), £5.25m, addresses the housing crisis by lending to community groups which cannot yet borrow money from banks because they are too new or need more flexible lending. However, they have a solution that helps families find homes affordable now and for future generations.

Benefits

- Start and finish with impact.
- Empowering communities to deliver projects needed locally.
- Utilising funds from enlightened investors.
- Patient financial structures to create the time needed to succeed.

The Impact

We now have six years of data and this provides us with greater insight into the impact the funds have made to communities. The key highlights from our sixth year of running these funds are shown over the next couple of pages with case studies to bring the projects alive. Community development and social impact are cumulative, and so are the numbers contained within the report.

Successes

- Most CSUF investees have launched subsequent successful share offers to fund growth.
- Due to the success of schemes, projects have been able to raise finance and begin to repay CSUF loans early.
- Total project value of CSUF schemes underwritten amounts to £30m – a multiple of 5.9 times our investment.
- AHRF provided 38 homes for 86 people, investees have provided 133 homes overall.
- During the year AHRF was able to extend facilities to investees for a further year and invest in East Midland Homes Co-op.
- Significant distribution of funds to community groups is making a wider impact in the local communities.

What's Next?

We are looking at designing the next generation of funds to support communities in their pursuit of social impact, building on the success of these funds and reflecting on the current need in the community asset space. The future for Resonance's Community Asset Funds is explained in more detail in Section 7.



IMPACT IN PRACTICE - HOW DOES THIS LOOK 6 YEARS ON?

Low Carbon Hub has opened another share offer to raise over £1m building on the success of previous share offers. It has been able to gain leverage to secure £3.2m of ERDF monies to support growth of Oxfordshire low carbon agenda

By providing secure and affordable housing, Somerset CLT has helped residents secure employment and improve their health and wellbeing

Osney Lock Hydro is attracting a variety of visitors, including groups of local schoolchildren, university students and pensioners. The community is engaging in more ways including maintenance and groundkeeping

Stockwood has developed a comprehensive social impact framework to demonstrate their impact in ecology, economy and community. The farm continues to expand with further land purchase

After only a year of operation, Southill has been able to deliver its pledge and provide £68k to the local community and begin to repay their loan early

Resilience has opened a further successful share offer and has begun to distribute funds to support a variety of projects in their surrounding community

**Community Share
Underwriting Fund
(CSUF)**

Of the original tenants in the Cornwall CLT properties, one couple have been able to start a family, and now of school age, their child is attending the local school

At Cornwall CLT, one couple have even been able to go on to buy their first family home as the affordable rent meant they could put money aside for a deposit

Quality of life has greatly improved for all of the tenants at Broadhempston CLT – those factors include generous outside space including space for growing vegetables and leisure activities

Broadhempston CLT regularly hold project tours which enable other communities and visitors to gain insight into how the project was achieved

There has been an increased awareness of our organisation [Holsworthy CPT] since taking on the homes at Rydon with Resonance's help... There are more families asking for family sized homes with gardens 2, 3 and 4 beds

Since last year's report, Holsworthy have seen weekly attendance by local children to the Youth Club more than double, from c 30 to 70

Affordable Homes Rental Fund (AHRF)

COMMUNITY SHARE UNDERWRITING FUND CASE STUDY: SOUTHILL COMMUNITY ENERGY

Southill Community Energy was created to deliver a ground mounted solar farm covering 20 acres of a 45-acre site. Their mission is to inspire, encourage and empower the community to reduce their carbon emissions.

The project harnessed the enthusiasm of their community from the very beginning by helping to overturn the original rejected planning application. A significant number of people attended "Bring Your Brolly Day" to become involved in selecting the final size of the solar farm and demonstrate how the benefits that would come from the solar farm might outweigh any detrimental aspect for the countryside.

Once the solar panels were installed, Southill Community Energy planted an orchard, with volunteers joining to help, and installed Thermosolar Beehives, which use heat from the sun to protect bees against the devastating Varroa mite.

The project only completed during the preceding year but has gone from strength to strength with the continued support of community and members. More volunteers are engaged to help maintain the site, funds have been distributed to community projects within the first year of operation and further funding has been secured to accelerate repayment of our loan.

This project demonstrates that determination and belief in a scheme can overcome initial hurdles, including funding and planning issues, and can bring greater benefits than what was originally envisaged.



We have been able to help deliver an energy efficient community building, resulting in lower electricity bills and raising awareness of energy efficiency in buildings and low carbon and renewable energy generation through the community ownership of Southill Solar. Our biodiversity and landscape management plans have raised awareness of the importance of nature conservation, particularly the introduction of the UK's first thermosolar beehive.

Southill Solar Energy



AFFORDABLE HOMES RENTAL FUND CASE STUDY: BRISTOL CLT

Bristol CLT's first scheme, Fishponds Road, consisted of 6 new build houses and 6 flats in a converted school. The scheme is now home to a total of 17 adults, all employed locally, and 13 children, all enrolled in local schools. With a communal garden and a mix of shared equity and rental homes there is an inter-generational community that are happy with a sense of belonging. One resident stated how she no longer felt lonely with being in such a communal environment.

In the last 12 months, an additional 3 babies have been born at the Fishponds Road scheme; one of them was even born at home! As well as adding to their numbers, the residents have continued to work on their outside area and have completed the landscaping of their communal gardens. The residents have most recently turned their attentions to working together to create a Fishponds Road Community Commitment Agreement, which centres on three key principles: Respect; Community; and Communication.

During the current year, Bristol CLT has been working hard on the development of their second, more ambitious scheme, in association with United Communities. The Shaldon Road scheme will provide 50 affordable homes, as well as two spaces for the benefit of the wider community: a workshop area for Self-Finish training, and a space for communal meals.

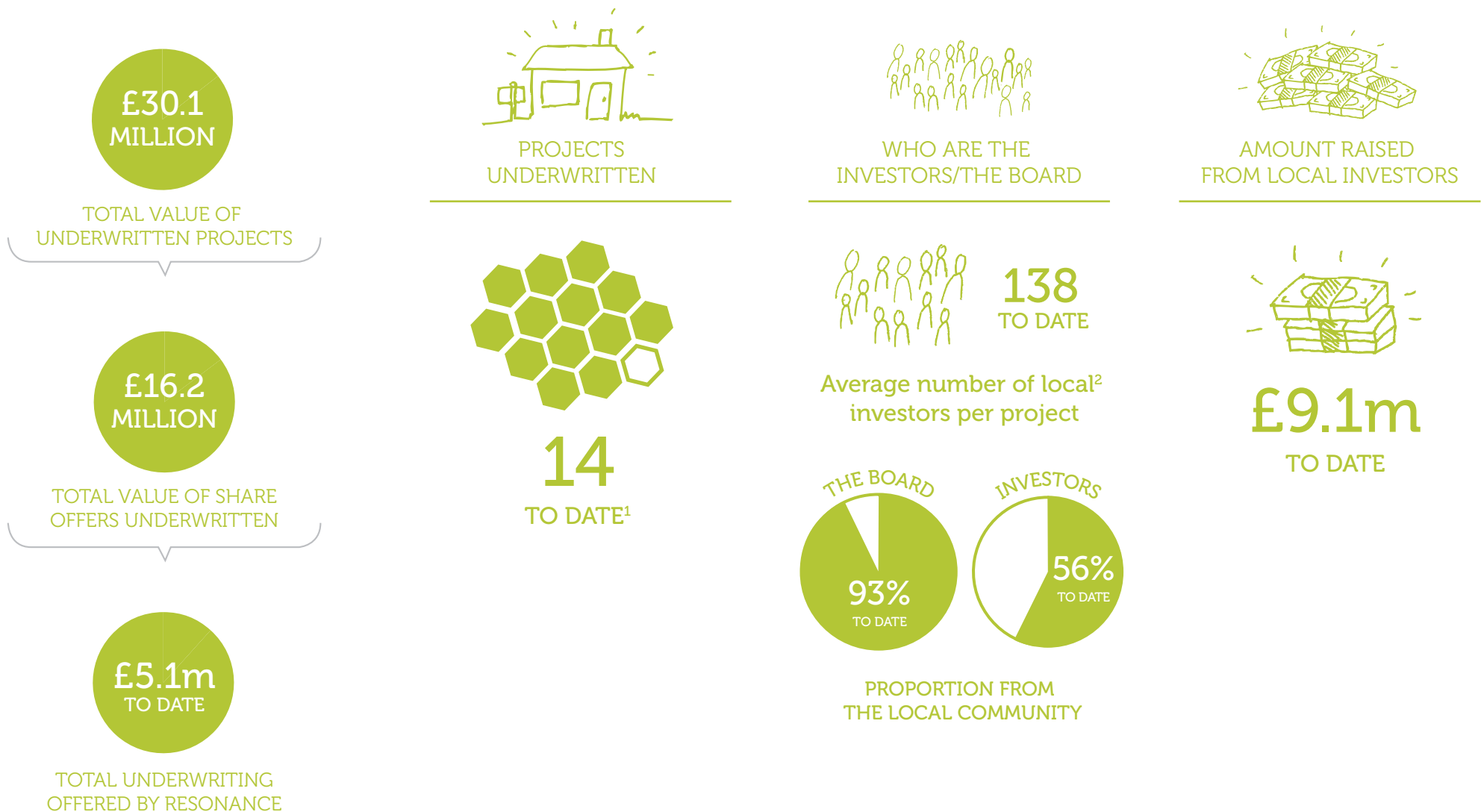
All homes for The Shaldon Road scheme were matched in December 2017, and Bristol CLT have told us that the phone calls made to those matched were highly emotional, with tears of joy and comments such as "I can't believe it – I feel like I've won the lottery"; "This means so much to me and my family – thank you!"; "This is definitely the best Christmas present ever!"; "Thank you, thank you, thank you!... I've lost all my words... thank you!". The matched residents now meet monthly and continue to work collaboratively on building their community ethos, and plans for the scheme, long before they set foot in their new homes. The scheme is due to start on site early in 2019, and the first homes will be moved into 18 months later, with residents working on self-finishing their homes before moving in. It is anticipated that the scheme will house a further 72 adults and 59 children.



I am...
not young... and
have lived in rented properties
for most of my adult life with very
little security up till now. I would
like you all to know how much you've
helped me and how much this means to
me....I have gone from extreme anxiety and
little hope to being the proud resident of a
beautiful home in which I've invested and on
which I've made my mark."

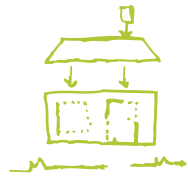
A resident at Fishponds Bristol CLT

Community Share Underwriting Fund (CSUF) Key Metrics



¹ This includes 4 projects we underwrote without providing a loan as it was not required, therefore a total of 9 projects were underwritten and invested in.

² We define local investors as those from the neighbouring postcodes to the project, or from within the county where the project is located.



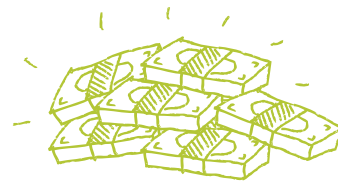
ADDITIONAL
PROJECTS CREATED³



48
TO DATE
(9 this year)



VALUE OF
ADDITIONAL PROJECTS



£12.8m
TO DATE
(£5.2m this year)



PROJECT SURPLUS
ALLOCATED TO
COMMUNITY BENEFIT



32%
AVERAGE



INVESTEES LAUNCHING
FURTHER COMMUNITY
SHARE OFFERS



8
TO DATE
(out of 9 which
were invested in)

5 underwritten
and not invested in

9 underwritten
8 invested in

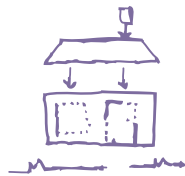
8 out of 9
launching further
community share
offers

³ When we try to measure additionality and ambition, we ask communities how many new projects they have created since the one(s) we backed with underwriting. It is a marker of the growth of community solutions.

Affordable Homes Rental Fund (AHRF) Key Metrics



TOTAL INVESTMENT
FROM RESONANCE



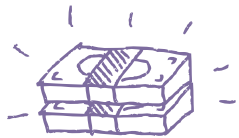
NUMBER OF
PROJECTS SUPPORTED



AVERAGE RENT LEVELS
AS A PROPORTION OF
LOCAL MARKET RENTS

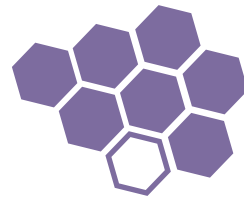


AVERAGE ENERGY
PERFORMANCE
RATING OF HOMES



£3.2m

TO DATE
(£135,000 this year)

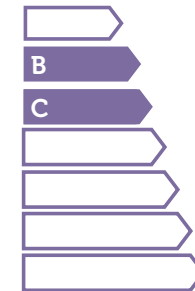


8

TO DATE
(1 this year⁴)



(80% this year)



TO DATE
(B/C this year)



NUMBER OF
PEOPLE SUPPORTED⁵

86
ADULTS
HOUSED
TO DATE
(12 this year)

57
CHILDREN
HOUSED
TO DATE
(7 this year)

↓

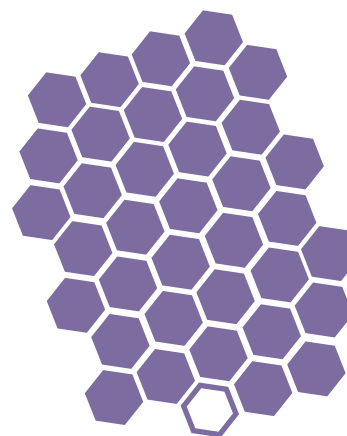
47
ADDED
TO LOCAL
SCHOOL ROLL
TO DATE
(6 this year)



LENGTH OF TENANCY
AND OCCUPATION



NUMBER OF
HOMES DELIVERED



38
TO DATE
(1 this year)



PEOPLE FROM THE
COMMUNITY INVOLVED



215
TO DATE
(18 this year)

* relative to age of projects in portfolio - some homes in the latter projects have been occupied for less than 12 months

⁵ This year, we have asked our investees to record cumulative numbers for the number of people supported and the number of people involved. This means we have sometimes amended historical data to reflect the cumulative nature of this information.

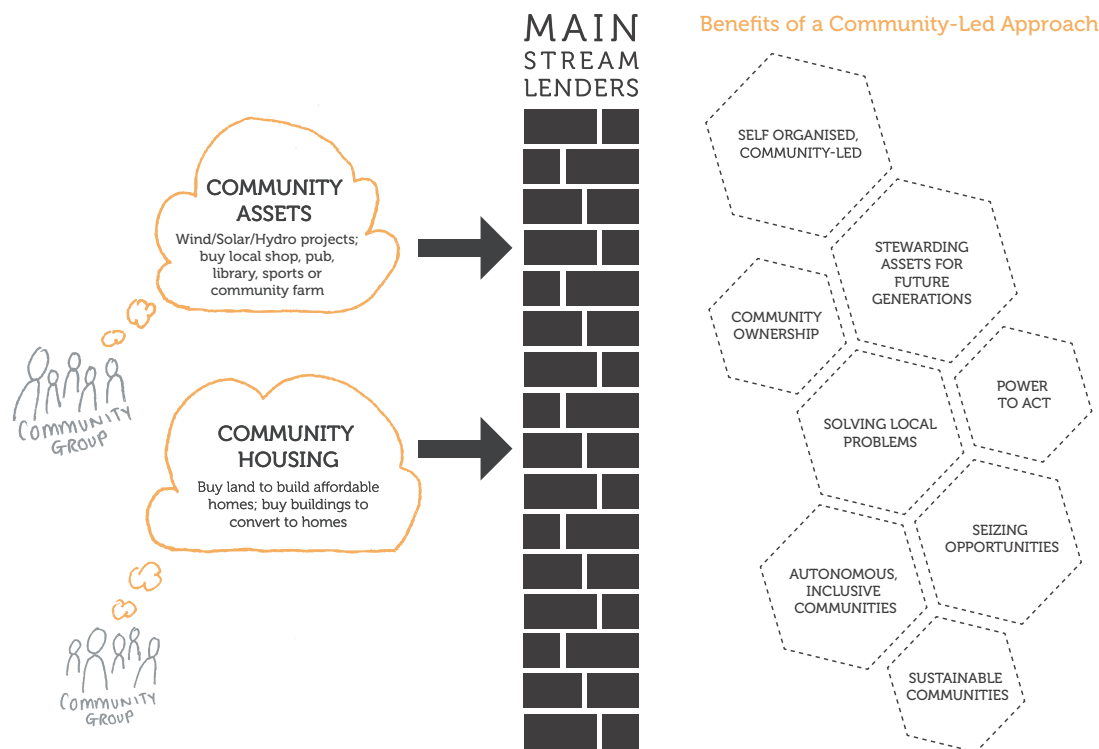
1. Why Social Investment?

The current decade is characterised by a renaissance of community-led social enterprise around the country. This has been partly driven by necessity, as local communities have decided to take solutions to local problems into their own hands, rather than wait for Government or markets to fix them. Whatever the reason, more and more communities are seizing year after year the opportunity to create projects, deliver much needed local services, strengthen community cohesion, share ownership of local assets, and democratically govern them for the long-term benefit of local people.

At Resonance, we are inspired every day through our conversations with communities across the UK, and a consistent thought process that a community goes through has emerged, which is why we developed the funds:

- There is a problem in need of a solution
- The community which cares about it the most, organises itself, works out how to fix it, and figures out the financial cost
- The search begins for the money to make it happen
- Mainstream finance often does not provide the best solution for helping out
- The community looks at social investment
- They choose Resonance if our funds suit their needs⁴ for:
 - Affordable community housing
 - Community shares to buy assets they want to build or preserve for community benefit

Read on in Section 7 of the report about how we will now be providing even earlier stage support to communities, and across multi-asset projects, through our new Community Asset Development Fund.



Our Solution

Why did we focus on community housing and community shares for these first two funds?

We listened to what people were asking for when they contacted us. Just like all our Funds, we build them by listening to the demand for investment which comes from social enterprises across the country.

That is how our community-lending arm, Community Land & Finance CIC (CLF), was born. It works with communities to get their solutions off the ground, so far using two linked funds: flexible finance for affordable homes and cash to support community share issues. These funds have enabled communities to get their vision built and sometimes to re-engage with mainstream finance, when they have the proven track record that traditional lenders require.

Our job is to understand the unique factors which help community enterprises succeed and to assess those in order to make good lending decisions. We then lend in ways more tailored to their needs - encouraging communities to build assets which serve their need and a track record that will help them be more self-sustaining and resilient.

We can only do that with the right kind of money, so we work with some social investors who back these funds to get things done. They believe in communities in the same way we do: as agents of change who can make extraordinary things happen with investment at a sensible price, and with the right amount of patience.

Together, the combination of communities, investors, and Resonance, makes things happen and makes a difference.

This sixth Social Impact Report is the story of this journey in 2017-18, over the past six years and a look forward to the future.

Examples



2. Community Share Underwriting Fund

The Community Share Underwriting Fund (CSUF) launched in 2012 to support community groups who want to acquire or create assets funded through community share offers (where local people become not only customers of a service, but owners of it as well). It makes it possible for communities to make projects happen, to keep the ownership and management in the community to deliver the community desires, whilst becoming less vulnerable to the decisions of distant, disconnected institutions. CSUF invested its remaining monies during 2016/17 and is now fully deployed. The community groups it has supported continue to develop and deliver impact.

CSUF aimed to fix the problem of community-share-funded projects stalling because they cannot quite meet their investment-raising target. It helped at three points in the journey of raising finance: (i) before, (ii) during or (iii) after, launching a share offer

- Before – CSUF builds **confidence** in a share offer before it launches, by offering Resonance's backing. The message to other investors is: *Resonance has confidence in this deal; it is going to happen; please come and join in.*
- During – CSUF adds **momentum** to an offer which is already underway; where the message is: *Resonance has helped us take a huge step towards our target, please come and add the vital last bit and make it happen.* CSUF can also help with **bridging** the gap that might open up at the end of a share offer that hasn't quite reached its target.
- After – CSUF continues to support their investees as they raise their **ambition** further. The Fund and its investees are now moving towards maturity so we are encouraged to see our investees flourish, developing their projects and ambition further to deepen their impact on local communities and increase community share ownership further.

CONFIDENCE

CASE STUDY: Stockwood

ISSUE:

Stockwood Community Benefit Society was contemplating a large community share offer to put the farm and business park into community ownership and wanted to give these ambitious plans the best chance of success.

HOW CSUF HELPED:

Resonance engaged early with Stockwood CBS, which enabled the group to launch their share offer with the backing of CSUF, providing confidence to investors.

CONSIDER PROJECT



PLANNING A SHARE OFFER



SHARE OFFER OPEN



MOMENTUM & BRIDGING

CASE STUDY: Chelwood

ISSUE:

The community group launched a share offer for the commissioning of a 5MW community owned solar farm in Bristol. Their share offer closed just short of their fundraising target.

HOW CSUF HELPED:

Chelwood raised £2.45m against their share offer target of £2.7m. Resonance was able to support the project by providing the finance to close the gap of £250k allowing the group to press ahead with their project.

AMBITION & MATURITY

CASE STUDY: The Resilience Centre - Alvington Court

ISSUE:

The community group launched their share offer to raise capital to build a new community wind turbine (Resilient Energy Alvington Court) on the edge of the Severn Estuary, close to Lydney and Chepstow.

HOW CSUF HELPED:

Resonance boosted the visibility and momentum of The Resilience Centre's (Resilience) offer by underwriting £600,000 of the target. The end-game of this boost in momentum was the successful conclusion of the share offer and the build/commissioning of the turbine in November the same year.

The overall impact is to help build sustainable and resilient communities that have the ambition and organisation to succeed.

Sometimes, just offering to back a share offer has been enough to help generate success. Several projects were underwritten but did not require a loan from CSUF due to the success of the share offer. Even though we have not actually invested from our Fund, it means we have given confidence to make the share offer succeed. By not investing in all projects underwritten, this means we have catalysed more projects than the amount of money we have invested in the Fund. That is a significant impact success.

We always aim to help organisations to be stronger than at the time they engaged with us, no matter what the outcome. Very often the constructive due diligence process for the Fund strengthens the governance and management, financial model, social impact, business model, market, and other dimensions, as part of helping decide whether we could invest. So even when we decide not to, the organisation always responds by improving its strength, resilience and sustainability in the process.

SHARE OFFER
CLOSED



START
PROJECT



BUILD
TRACK
RECORD



EVENTUALLY
RE-FINANCE



More Detail

CONFIDENCE – Stockwood

With the help of CSUF in 2014, the community share offer was a success and Stockwood was able to purchase Rush Farms' land. This was put in trust for the community. The charitable mission is environmental and social transformation bringing the local community to a closer relationship with the land in their area.

Stockwood has enhanced the business park and installed district heating to provide sustainable environmental facilities. The farm now has a strong relationship with the local community, holding a summer fair to promote biodynamic agriculture and nature. With further plans ahead, including an education building and agricultural workshop, the directors are now looking to raise their third share offer demonstrating the growth and appetite of community share investment.

MOMENTUM & BRIDGING - Chelwood

Chelwood Solar Park required £5.8m of funding by way of community shares and bank debt to build the community owned solar farm in Bristol. The share offer reached £2.45m by the closure date with a small shortfall of £250k. CSUF provided the funding to unlock the project with the rest of the funding obtained as a long-term bank loan. The aim of the project, in addition to generating renewable solar energy, is to support community priorities around energy efficiency.

Since the original transaction, the community has benefitted from the productive use of local land to support the local electricity network. Land management planning is underway to promote local biodiversity and work has been completed in the last 12 months to improve the land quality.

Furthermore, a charitable trust has been established to distribute charitable grants to environmental initiatives in the local community, with £70,000 having been delivered to date.

AMBITION – Alvington Court

The ambition of Resilience is to create resilient communities by facilitating local ownership of renewable energy projects & distribution of operating surplus to fund fuel poverty and further community ownership of essential resources. The project generates clean energy and a financial surplus to distribute to the local community. CSUF engaged with Resilience prior to the share offer providing confidence in the scheme. The share offer was a success and CSUF subsequently provided a loan of £600k to enable the project to go ahead.

Resilience has ambitious plans to grow further with new projects. A share offer opened during the year has also helped to accelerate the repayments of the CSUF loan. Distributions to local community groups have enhanced local community engagement and inspired the establishment of a community land trust to develop a new community facility.



"The project would not have happened without Resonance's help. Resonance is a vital strategic partner that has guided the decision-making and organisational development we needed to succeed in our fund raising."

Sebastian Parsons
Chief Executive, Stockwood

3. Affordable Homes Rental Fund

The Affordable Homes Rental Fund (AHRF) was created to make a difference to one of the biggest issues in 21st Century UK society: housing that is affordable now and affordable in perpetuity. The AHRF finished investing in 2018 and our work with CLTs now continues through a new Fund (see Section 7).

AHRF's role has been to get involved at three points in the story of locally-led affordable housing. It has provided:

- (i) **early stage support** and signposting to projects at an early stage;
- (ii) up to **100% of the finance** for housing that is ready for construction; and
- (iii) **flexible loans** for homes that are already built, to ensure they can be made available for affordable rental.

In every case, the impact is to make it more possible for local people to identify and deliver solutions to their own affordable housing problems.

Most of our work is with Community Land Trusts (CLTs), which are a particular kind of organisation, specially designed to make it easier for local people to own, control, and steward affordable housing projects. If you are not familiar with CLTs, there is a little more explanation in Appendix 2 and plenty more on www.communitylandtrusts.org.uk

EARLY STAGE SUPPORT

CASE STUDY: Homes for Wells

ISSUE:

Homes for Wells was looking for a funding scheme that would give them the security they needed to successfully deliver their first large affordable homes project. They were facing market lenders offering loans at variable rates, or a fixed rate for a short period of time, creating financial uncertainty for them.

HOW AHRF HELPED:

AHRF provided a fixed rate loan for 8 years, thus giving the volunteers the guarantee that they could securely kick off their housing project and have confidence in the future. According to Jim Fergusson, former treasurer of Homes for Wells, this was the "best deal" they could find, and the most appropriate to their needs whilst reducing their interest rate risk.

100% FUNDING

CASE STUDY: Cornwall Community Land Trust

ISSUE:

Cornwall CLT required funding to replace a development loan from the local council, with which they had agreed to build a number of affordable houses.

HOW AHRF HELPED:

Resonance provided a tailored loan to Cornwall CLT that allowed them to replace 100% of the development loan from the council and give the project a stable and resilient financial base for the future.

PLANNING AND PRE-DEVELOPMENT



PURCHASE OR CONSTRUCTION OF THE HOMES



FLEXIBLE LOAN

CASE STUDY: Holsworthy Community Property Trust

ISSUE:

Holsworthy CPT is an established Community Property Trust that has gained a strong reputation within the local community. To grow their portfolio of affordable rental homes, they identified 5 houses which required finance to purchase. Holsworthy CPT required the ability to sell one of the houses to a local family at an affordable price in the short term.

HOW AHRF HELPED:

Resonance worked with Holsworthy CPT to structure its investment, providing them with 100% funding and with the ability to be flexible with the ownership. It meant that they could meet the needs of the community, by having the potential to either retain the property as an affordable rental or sell it within a pre-determined period.

"We are really happy we took the decision to take on this project as a community group as opposed to handing this over to a local housing association. Resonance worked with us right from the early stages to understand our project in detail and we are thrilled that they are on board as a Social Impact Investor into our project"

Jim Fergusson
Board Member & Treasurer, Homes for Wells

PURCHASE OR
CONSTRUCTION
COMPLETED



HOMES RENTED
TO LOCAL FAMILIES



BUILD
TRACK
RECORD



EVENTUALLY
RE-FINANCE



More Detail

EARLY STAGE SUPPORT – Homes for Wells

The team at Homes for Wells were all volunteers with no previous experience of affordable homes projects. They were uncertain about what was going to happen from a financial point of view and felt a fixed rate loan was the most appropriate deal for them.

With the funding from AHRF, they got the financial certainty they needed, and were able to complete their housing project. The strong and committed team are proud to have successfully completed the scheme which provides 11 affordable homes for about 20 tenants and their children.

Four years later, Homes for Wells have seen more volunteers take on more responsibility. Having built up the knowledge and track record, they could potentially secure further funding by themselves. For us, it means we were supportive when help was needed the most, at the very early stage of their project, before traditional finance was available.

100% FUNDING – Cornwall CLT

Cornwall CLT required funding to replace a development loan from the local authority, with which they had agreed to build a number of affordable houses. They did not want to rely on grant finance to replace the local authority's money because that was becoming harder to find and unlikely to be available for the amount they needed. Resonance worked with the team to offer a tailored loan for 100% of the medium-term funding required to replace the council's short-term development financing.

FLEXIBLE LOAN – Holsworthy CPT

Resonance invested in Holsworthy CPT for their Sheepwash project and was keen to support them with their latest expansion plans to secure more affordable housing in the local area. They had identified 5 affordable houses that were for sale and required 100% funding for the cost. Resonance was able to provide 100% funding for the purchase and provide flexibility to allow Holsworthy CPT to repay early if one house was sold as an affordable home.

Those 5 affordable homes are part of Holsworthy CPT's long-term community vision to provide 50 homes which local people will be able to afford. By funding this scheme, Resonance is pleased to be able to support them with their ambitious plans.

Providing Further Flexibility...

A decision was made between Resonance and the AHRF investors to extend the term of the Fund by a further 2 years; this in turn meant that the back-stop date for refinancing by all borrowers could be extended until 2024. All AHRF borrowers were offered the opportunity of an extension (if not already the case). By extending the life of the loan, we were able to offer more favourable rates for borrowers, and ultimately to their tenants, by either reducing current payments or the annual payment inflation for subsequent years.



"At Holsworthy Community Property Trust we value our long and fruitful relationship with Resonance"

Alan Fox
Development Consultant

New Feature: East Midlands Homes Co-op

East Midland Homes Co-operative (EMHC) was established in 2013 originally in order to provide decent rental accommodation to disadvantaged families within the black and minority ethnic community within the UK (principally within the Nottingham area). EMHC now has around 330 members throughout the UK. The active members of EMHC include a consortium of qualified builders, plumbers, electricians and other skilled laborers who volunteer their time to work on the refurbishments and maintain tenanted properties in Nottingham.

The team already had demonstrated track record by successfully refurbishing 14 homes in the Nottingham and Liverpool area, with one home in ownership and the remaining either leased or managed. EMHC was keen to acquire additional property in order to provide more affordable housing, secured as such in perpetuity. Experience has shown that the number of private landlords offering decent housing on an affordable basis has rapidly been on the decline, increasingly so since the freeze of LHA rates.

The group is keen to build their own portfolio and is actively sourcing empty properties to refurbish and rent out to their members. In addition, they are linked up with the Nottingham Community Partnership Forum to recruit apprentices onto the refurbishment element of each project, providing work, experience and skills to unemployed youth within the community.

EMHC benefited from a £120,000 investment from AHRF and used it to purchase and refurbish a three-bed property in Nottingham, which will provide supported accommodation in an area where housing costs have been increasing in recent years. Through the provision of this affordable home, EMHC is now helping ex-offenders in Nottinghamshire rebuild their lives by offering them affordable housing for rent.

"The loan has enabled us to provide a decent shared affordable rental home for the young ex-offenders within our local community to rebuild their lives and reintegrate into their communities."

Osmond Okungbowa
Operations Manager

"It is great to see another investment from our Affordable Homes Rental Fund and the first to a community organisation in the East Midlands region. This shows that there are amazing community groups across the country that are willing to give time, labour and indeed their own money, to get their plans off the ground."

John Williams
Resonance



4. Community Impact

Resonance is a *demand-led* social investment company, which means we listen to what social enterprises are asking for and then design the financial solution to best fit their need. It means we fit the money to the enterprise, not the enterprise to the money.

With the Affordable Homes Rental Fund and the Community Share Underwriting Fund, we have learnt from communities where community-led projects come from, the problems they are trying to fix, the people they are trying to help, and the support they need the most. With this, we can tune-in our financing solutions to produce the greatest impact for the greatest number of people and continue to create funds addressing social needs for the future.

This listening and learning approach to what we do means we have observed some things along the way:

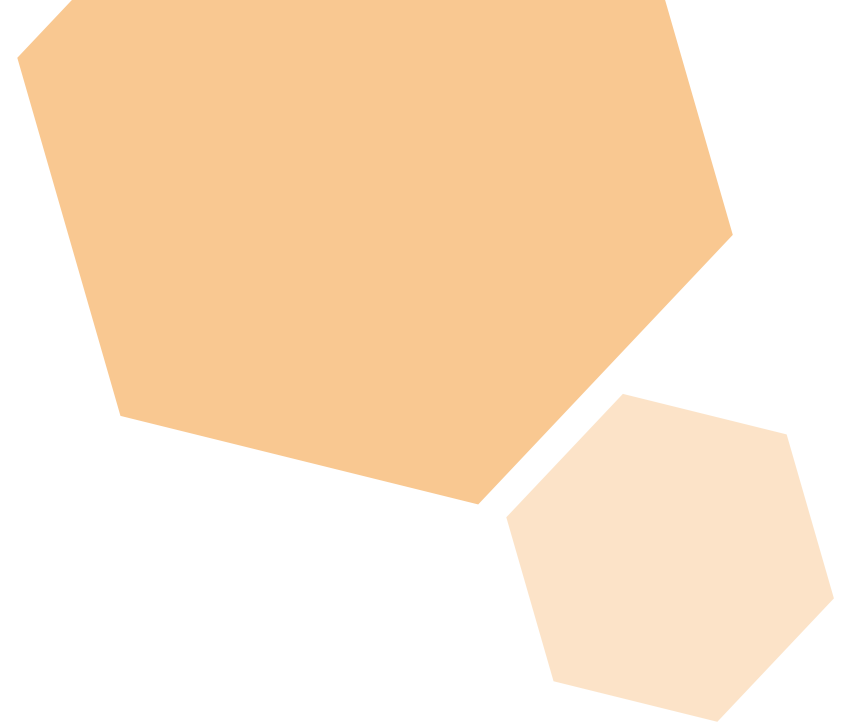
What makes a community-led project?

- People join forces to tackle a problem or seize an opportunity that will lead to wider community benefit. Their solution is often better than a top-down one, which may not be available anyway, or a one-size-fits-no-one large institutional solution.
- The 'community' may be one of geography, interest, or both: people join together to solve problems in their local area, or ones they have a common interest in tackling.
- When the asset (homes, or a solar project, or the local pub, or library, etc.) is acquired or created, it must be stewarded for future community benefit. Community groups provide the bedrock for this to happen.
- The initiative and involvement of local people brings a sharper focus on how well solutions are going to fit, greater justice to any debate about trade-offs, the tenacity to overcome any obstacles and delays, and often significant expertise and "human capital" in the form of volunteering.

Who benefits?

The beneficiaries are often diverse and overlapping groups.

- Some projects address an immediate need, such as affordable housing, with an eye on the long-term goal of community stability (for example, keeping a local school open by bolstering the number of affordable family homes in a village).
- Many community projects could describe their work as preventing the "nearly poor" from becoming the "really poor". Rather than being resigned to the inevitability of financial catastrophe for people, communities intervene to do something about it.
- Others are more indirect, for example, green energy projects generating cash which in turn helps tackling local fuel poverty. It is particularly revealing to see the extent to which wealth and poverty exist side by side in many communities and the ways in which community-led asset projects can bridge that gap.



How big a difference can this make?

Individual projects may seem small: ten houses will not solve the UK housing crisis and 50kW of green energy will not meet the UK's renewables targets. However, the cumulative number of homes, energy projects or other things, does make a significant difference. They are part of a movement and, in contrast to mega-projects, they are often much better able to target a specific high-impact issue than a large-scale national solution. For example, a Community Land Trust can deliver a niche scheme for local families where a Housing Association probably could not.

Once a model for local action happens in one place, it inspires others and can be more easily replicated. That is what a movement is about. The enormous increase in Community Land Trusts and Community Share Offers across the country in recent years is evidence of this, as well as a measure of demand from local communities for their own solutions.

So what is the impact?

We start and finish with social impact, so we are very careful about how we define it, how we measure it and how we support communities wanting to create it.

We positively screen for those projects that set out to achieve the highest social impact and negatively screen for those where impact is weak or missing.

To do this, we have developed a matrix of criteria to assess the impact of community projects we support; this is explained in some more detail in the next section.



5. How Do We Measure Impact?

Impact is present at every stage of our work. Otherwise, it would just be investment, not *social impact* investment. This means we set out to measure the social impact, both in quality and in quantity, as carefully as the financial return.

One of the ways we do that is to measure the impact of the *process* as well as the results. Accompanying community groups through the process of due diligence for potential investment from our funds typically results in positive changes to the governance, financial model, social impact, management systems, and other dimensions of the organisation. Very often, the conversations happening around those questions are what makes the process important – it is where we engage with the Directors to strengthen the organisation together.

In a practical sense, even when we do not end up investing in applicants to our funds, the organisations get value from the process.

At the other end of the spectrum, a significant number of community groups do such a good job of preparing for investment that they are able to raise all the money they need without the backing of our funds. We count that as success too.

If community groups get there with our help, but not with our money, we are happy because the social impact gets delivered and we can use the money to help another community create more impact.

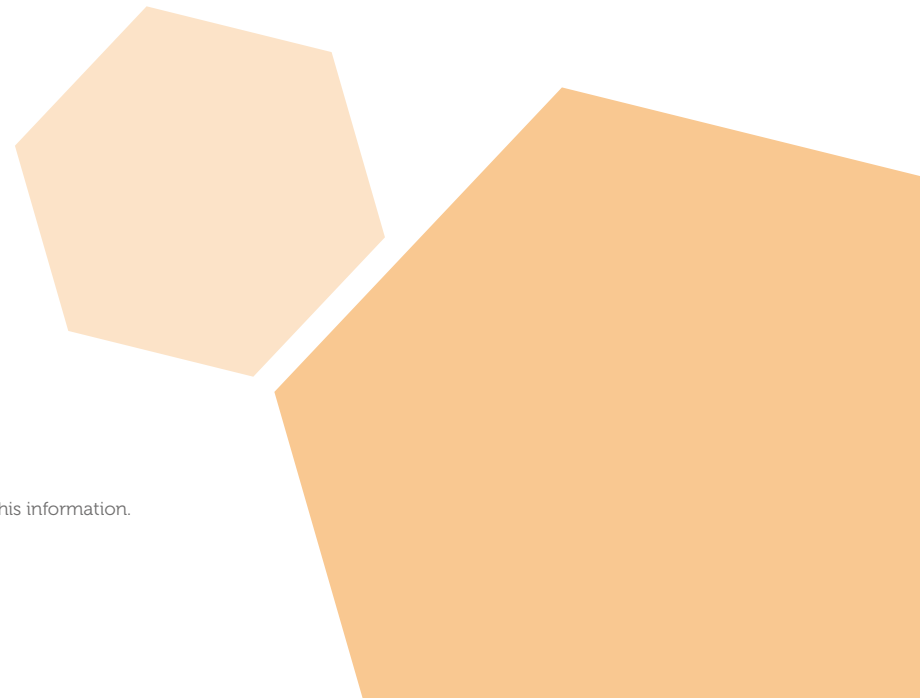
We want to help communities:

- Take control of their own destinies;
- Raise their ambition;
- Build momentum for community action;
- Become resilient; and
- Transform their communities for the better, ...

...so, both funds measure metrics directly related to those themes, to see if our investment is helping it happen.

The next few pages tell the story of how our funds measured up until today⁴.

⁴ This year we have gathered more thorough data from a larger number of investees and have therefore restated historical data to reflect this information.



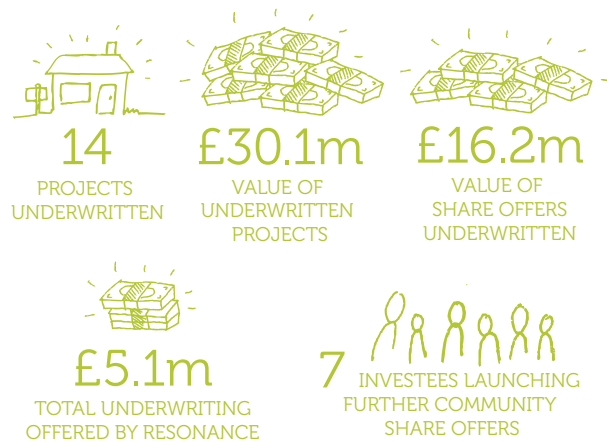
5a. Community Share Underwriting Fund

Measuring social impact is done before we make an investment (assessing whether to invest) and after the projects have become a reality (assessing whether that impact is actually being delivered). For CSUF, there are four criteria, each of which has metrics to give us some visibility over what is happening:

Criteria			
1) Unlocking retail investors' confidence	2) Catalysing momentum for community benefit	3) Enhancing community ambition	4) Community transformation
Measures			
1a) Total project cost	2a) Number of volunteers	3a) Number of new projects since underwriting	4a) Proportion of revenue allocated to community benefit
1b) Total share offer	2b) Proportion of the Board from the local community	3b) Total value of new projects	4b) Revenue generated
1c) Total underwriting	2c) Number of investors from the local community	3c) Number of investees launching follow on community share offers ⁵	4c) Revenue distributed
	2d) Amount raised from local investors		4d) Issue focus
			4e) Annual number of non-members benefiting

At the stage where projects come forward to CSUF, we have used these criteria to give each a score, so that our Investment Committee can compare different projects with one another and make consistent, fair choices. It also allows us to report back on how CSUF projects are doing.

⁵ This metric was added this year to reflect the ongoing progress of the organisations we support, but it is not part of the criteria used to assess projects.



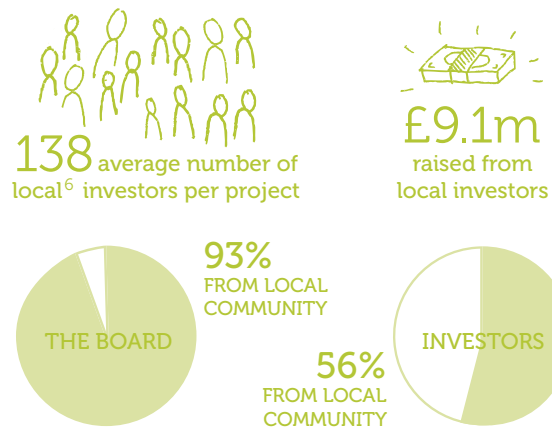
Unlocking Retail Investors' Confidence

A good way to assess the measure of unlocking investors' confidence is to look at how much our underwriting money has multiplied, or leveraged, itself. Over the life of the Fund to date, our underwriting has unlocked 3.2 times as much in community share funding and 5.9 times as much in total project investment.

As the projects begin to mature, we now look at how many organisations we have supported, have launched, or are planning to launch further community share offers. Out of the 9 organisations which drew our underwriting, 7 have already engaged in follow on community share offers capitalising on the success of their operations. With CSUF fully deployed and closed, we cannot underwrite subsequent community share offers. However, we were there when an extra bit of confidence was needed to unlock the initial projects which have gone on to be the foundation for the communities' future ambitions and aspirations. Seeing new share offers succeed, having been able to demonstrate a track record, shows the value of the fund in stimulating further community share ownership.

Some organisations now consider share offers as a way of regularly raising funds building on the success of previous share offers and demonstrating the success and community impact of their projects. The key areas of use for those funds are: enabling further local engagement and ownership, repaying loans and improving cash flows, and launching new projects. We have seen most organisations succeeding in raising additional funds through the community. This was a key mission of the fund to stimulate and encourage local people to get behind their local community schemes that derive benefit for their area.

During the period of the fund, we have seen the community share offer market mature with many more platforms promoting share offers and the community becoming more aware. We consider that this fund has played a part in developing the confidence within the market. Resonance continues to advise social enterprises on raising share offers through our social enterprise advisory team (Resonance Ventures). Furthermore, the experience gained from this fund will be capitalised on as we develop our latest community asset fund which is discussed later in Section 7 of this report.



Catalysing Momentum for Community Benefit

Catalysing momentum relies on the involvement of local people to engage with projects to help them succeed for the benefit of the wider community.

An important aspect for a significant element of the schemes is education, with many sites having open days and public access. Osney Lock Hydro (OLH) runs regular guided tours and attracts visitors to its open days; it has been able to share learning with similar schemes, such as Sandford Hydro. The hydro scheme is now an accepted feature of the Oxfordshire low carbon landscape. This is a source of pride to many residents. With the hydro running well and a feature of the river, local residents on Osney Island have expressed interest in helping with the gardening aspect of the site. OLH works with a fellow investee, Low Carbon Hub, and other local green community organisations to create a much bigger impact in relation to reducing the carbon footprint in the area.

The Low Carbon Hub has now donated over £250k to support further community action on climate change from all its projects. This includes giving 277 hours of support to 60 groups and individuals interested in community energy. The community benefit income also helped to leverage £3.2m of ERDF funding to support the growth of Oxfordshire's Low Carbon Economy. This 3 year project, called Oxfutures, will focus on energy efficiency support to small and medium enterprises (SMEs); developing new low-carbon products; and facilitate consultation between academics, local authorities, businesses and social enterprises. The result will reduce energy bills for businesses, lower CO2 emissions and a boost to the local economy.

⁶ We define local investors as those from the neighbouring postcodes to the project or within the county where the project is located.



Enhancing Community Ambition

By investing in communities, we are intentionally helping them realise their ambitions and, at the same time, enhancing the ambition of other groups within the community. This is why we measure ambition by the number of additional projects, beyond the one(s) we invest in, and their value.

At the time of original investment, Low Carbon Hub stated that their ambition was to be

"the catalyst for the big energy shift in Oxfordshire, creating a decentralised and locally-owned renewable energy system that puts communities at its heart; delivers local economic, social and environmental benefits; and bring forward the innovations that will help us all to make a difference on climate change"

With 38 installations saving 1562 tonnes of CO₂ each year and an aspiration to generate £2.4m for community benefit, it can be seen that the Low Carbon Hub continues to grow and deliver on its ambition.

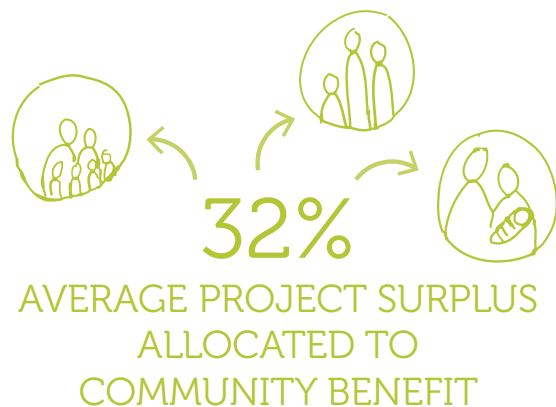
During the year Stockwood developed and implemented its social impact framework to measure 3 key strands in ecology, economy and community. Anonymous feedback has enabled a more focussed approach to community engagement. The findings of the framework and report were presented graphically. They plan to raise further investment from community shares to improve the infrastructure but also create further social impact by building an



education centre for visitors, particularly children to understand where their food comes from and to promote biodiversity.

The projects have completed and are now in the maturing phase. We can now see the groups working with other organisations to create greater impact. A good example of this is West Oxford Community Renewables, which generates green electricity from solar panels on roofs of local buildings: a school, a community church and a supermarket. The project is self-contained, requiring little community involvement, however a donation is made annually to Low Carbon West Oxford (LCWO) to support their joint mission, reduce West Oxford's carbon footprint and waste and raise awareness around air pollution. Over 100 people attend the twice-yearly Bring & Take re-homing event.

A key priority for the future of all the projects is long term sustainability. 5 of our investees have made early repayments through the ability to secure new funding, including share offers, which were not available at the time of the original transaction. £950k (35%) has been repaid to date, £840k in the current year. This is a significant positive outcome for the fund as it demonstrates that the investees are robust enough to raise further funds and the cost of funds reduces for the projects. In addition, these funds are returned to our investors early who are then able to recycle their investment to other social investment funds creating further impact on the money.



Community Transformation

One way to look at community transformation is to sum up the net revenues allocated to community benefit. After two or three years of operations, we observe an average of 32%.

Less than 2 years since the project started, Southill have been able to provide £68k to the local community centre to help deliver an energy efficient community building. This has resulted in lower electricity bills, and as importantly, raised awareness of low carbon and renewable energy which is a key objective of the group. It has further ambition to continue to support the local area by providing financial support to a community building, the Corner House and in time support the wider community with more energy efficiency initiatives. With strong volunteer support and community donations, Southill is now an important part of the town.

Chelwood Community Energy created an independent Trust to distribute charitable grants to the community. The Trust is now working to distribute £70,000 directly provided by the Chelwood project to causes that meet the community-developed criteria which will create future benefits for local residents.

At Somerset CLT, the principal benefit has been to the 13 people in housing need that have been provided with a secure and affordable housing option. This has helped some to secure employment, while others have seen benefits in terms of health and reduced anxiety. Those tenants leaving Somerset CLT

have – in five out of eight cases – progressed to more secure and suitable accommodation. This is a record that they hope to improve upon.

Resilience Alvington shows that community engagement and donations is nothing new for some villages. This year, following spiralling maintenance costs on the current community hall, built as a temporary structure from the de-mob money of WW1 Veterans, the project made a donation towards the development of a new community hall and sports facilities on land gifted to the community by the family on which the wind turbine is located. Resilience's aim is to distribute funds that will help build resilient communities in the surrounding villages. They have supported schemes including planning consent for a new multi-purpose community hall and sports facility; replacement of play equipment to meet safety standards; repair of the Alvington church clock; speed calming measures and a new audio-visual resource for the local school hall used for the wider community.

The ongoing legacy of projects to help the community maintain and provide facilities for wider use continues to be a really important aspect of the fund as these grants help communities to thrive and support the well-being of residents.

5b. Affordable Homes Rental Fund

For AHRF, the measurement metrics are built around supporting community stability, security and sustainability for the future, because we realise that affordable homes are the means to supporting communities, not an end in themselves. The table here shows how we translate that thinking into metrics:

Criteria				
1) Community leadership	2) Affordability	3) Community sustainability	4) Security of tenure	5) Additionality
Measures				
1a) Number of projects supported	2a) Rent levels as a proportion of local market rate	3a) Number of adults housed	4a) Length of tenancy offered	5a) Number of homes delivered
1b) Number of people involved	2b) Proportion of household income spent on rents	3b) Number of children housed	4b) Average length of occupancy ⁸	5b) Total AHRF investment
	2c) Energy efficiency rating of homes	3c) Children added to local school roll		5c) Number of bed spaces made available (by the organisation overall)
				5d) Number of homes delivered (by the organisation overall)
				5e) Number of new projects planned, initiated or completed since the start of our support

Against these criteria, the headline metrics of the Affordable Homes Rental Fund over the last few years are as follows.

⁸ 5c, 5d and 5e reflect the ongoing progress of our investees but are not part of the initial criteria helping us to assess projects.



Community Leadership

The members of Broadhempston CLT showed great tenacity to bring their development of 6 self-build eco homes to completion. From the outset a core team of 16, including board members and self-builders, set out to provide affordable homes for locals so that they could remain living near their families, go to work and their children could attend the local school. In addition to the core team, the project attracted a myriad of volunteers from the local community and beyond, who supported the work on the site by committing many hours of their time to help make the project the reality. This included apprentices from South Devon College; offenders on the Community Payback Scheme (where they have been given a community sentence to work unpaid on projects that benefit communities); and other friends and family.

Since the site was finished, Broadhempston CLT regularly hold project tours which enable other communities and visitors to gain insight into how the project was achieved. These include students in higher education and international visitors. BCLT also hold periodic Open Days. They also have planning permission in place in order to hold workshops on site and are currently investigating funding avenues to make that dream a reality. The CLT have also begun to consider the provision of sheltered housing in response to growing community need. The group have just published a book in print and electronic form (available via their website and Facebook page or through Amazon) entitled Self Building Easterways: Ideas, Reflections, Suggestion and Advice from a Community Land Trust.

Holsworthy CPT continues working towards its goal of achieving 50 affordable homes within the Holsworthy area of North West Devon. They have the desire to be self-sustaining without being reliant on grant funding. The Board is particularly strong with great expertise in community land trusts and delivering and managing affordable housing. They have guided other CLTs both in their roles as Board members but also in their professional skills which include a solicitor, a councillor, a town planner and a professor. This expertise is invaluable to the sector.

When it was discovered that the local youth club was to be closed, Holsworthy CPT stepped in. It now holds the Youth Club building for the benefit of the community. This also involves overseeing the youth club sessions which are important for the engagement and wellbeing of the youth in the area. Since last year's report, Holsworthy have seen weekly attendance by local children to the Youth Club more than double, from around 30 to 70.

Holsworthy CPT is a great example of a voluntary leadership board helping to solve an issue of local housing need and building on its reputation to strengthen the community engagement across the area. Holsworthy CPT's larger and longer-term vision for the community includes holding other assets, similar to the Youth Centre, for the benefit of the community.



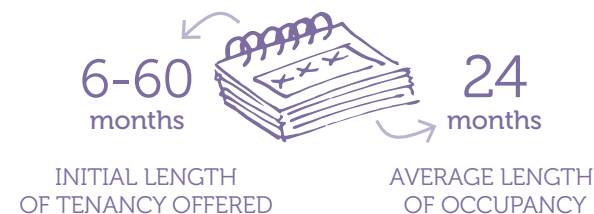
Affordability

Following a 2-year extension to the term of the AHRF with investors, borrowers (with loans on a term until 2022 or earlier) were in turn given the option of extending their loan term until 2024; for some this equated to a 4-year extension. This meant that those borrowers could either reduce current loan payments or reduce the proposed annual inflation in subsequent years. By taking us up on this offer, the community organisations could directly offer more favourable terms to their tenants and reduce their annual rental payment inflation, making it even more affordable in the longer term.

Cornwall CLT have confirmed that their rental properties are proving affordable for tenants with the rent being set at below 80% of open market rates. Energy bills are also significantly reduced due to the addition of solar panels to the property. One couple have even been able to go on to buy their first family home as the affordable rent meant they could put money aside for a deposit.

East Midlands Homes Co-operative (EMHC) provides affordable housing in Nottinghamshire. EMHC refurbish empty homes in order to provide affordable homes to families and also provide shared units for ex-offenders within the local community to rebuild their lives and reintegrate into their communities. Rents set by EMHC are linked to the Local Housing Allowance to ensure that it remains affordable for tenants.

At Bristol CLT, renting occupiers pay 80% of local reference rents (the average rent for properties of the same size in the area). Moreover, the innovations of recognising the labour of the first occupiers in return for a further reduction in rent/purchase price (for their 'sweat equity'), and the inclusion of solar panels to generate discounted electricity for residents, means affordability is even better. A tenancy agreement is also in place, mapping the changes in rent for the next 3 years, making it easier for tenants to plan ahead. The combination of these things should increase the ability of the occupiers to save money for the future and spring them from the trap of 'generation rent' (where there is never quite enough left from household income to put something away for a rainy day, or a deposit on a house).



Community Sustainability

Of the original tenants in the Cornwall CLT properties, one couple was able to start a family, and their child has now started attending a local school. This really creates a sense of community stability with affordable homes allowing young families to remain in their local area.

The role that Bristol CLT sees for itself in the city is one of a pioneer, creating pockets of community stability in a turbulent housing market where landlords increasingly hold all the cards. Not only have the residents participated to finish their homes, they also meet regularly and work together as a team on their shared garden, strengthening their community attachment while learning wood work skills.

Most of the tenants at Homes for Wells have now been in their homes for 3 to 4 years, with very few people moving each year, and all tenants work locally. The stability in tenancy means residents can, over the years, build more robust economic and social ties locally, which helps making the broader community more sustainable.

Broadhempston CLT have told us that quality of life has greatly been improved for all of their tenants since occupying their homes. Those contributing factors include access to generous outside space, including space for tenants to grow their own vegetables and play facilities on their doorstep. There is both a community orchard and playground on the site. A striking feature is how individuals' lives have changed during the project: of the 12 adults, 2 have become self-employed, 4 have changed jobs (2 of which cite their community self-build experience as being central to getting them), 1 has graduated in graphic art, a director has been shortlisted for a research trip and 2 have undertaken a cycling trip to India!

Security of Tenure

At Homes for Wells, some tenants have had challenging personal circumstances, and have seen changes within their households which could have brought them into financial difficulty. Homes for Wells has however worked with them to enable them to stay in their homes. For the people living in the affordable homes, this means security for them and stability for their children, even in turbulent times, and no bad debt ever needing to be written off.

Since being in situ, a number of tenants at Bristol CLT have reported a greater sense of well-being and have referred to the fact that having access to secure, affordable and decent quality accommodation has been nothing short of life changing. Having had little security for most their life, one tenant described having gone from extreme anxiety and little hope, to becoming the proud resident of a beautiful home in which they've invested in and made their mark. The homes that Bristol CLT have created are not just a provision of shelter, residents have been given a sense of security, community and sense of pride in the homes that they have worked to achieve.



38
HOMES
DELIVERED



£3.2m
TOTAL INVESTMENT
FROM RESONANCE

Additionality

Holsworthy CPT found that the local community had an increased awareness of their organisation following the second investment from the AHR fund. Since taking on the new homes in Rydon, there has been an increased number of families asking for suitable family sized homes with gardens.

Homes for Wells recently carried out a Housing Need Survey and it was concluded that 33 further homes are required immediately. A growing organisation, they are continually looking for properties in the town and surrounding areas to offer secure affordable tenancies to families with a proven connection to the town. They have such a good standing in the town, some properties have been left by well-wishers who value the mission of the community group and want to contribute to providing affordable homes in the area.

The Affordable Homes Rental Fund uses the number of homes created and the investment made in them as markers of the additional value it is contributing to the affordable housing movement in the UK.

We have been asking our investees how many other projects they have completed, initiated or planned since our investment. All together they have a cumulative number of 27 additional projects. This means a lot to us, as they have now all been building a track record and gaining the necessary experience to become a sustainable “engine” for community solutions.

However, it is not just the additional numbers that matter. It is the additional quality of life that these projects bring. At Bristol CLT, the residents know that having a home, not a house, is life-changing and invaluable. Those homes, which they helped to build, and their shared garden, which they maintain and cherish, are essential to their wellbeing.

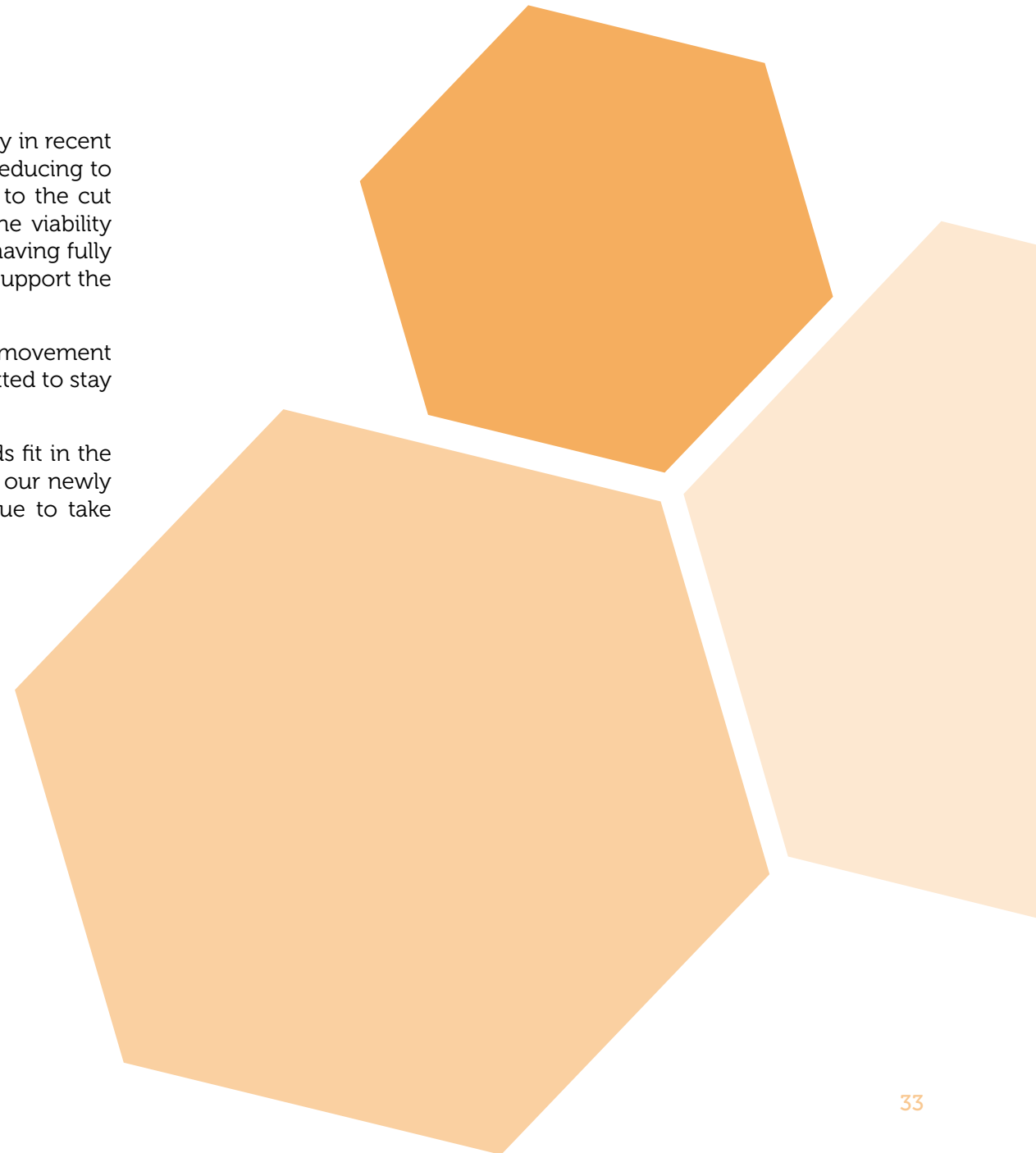
6. Community Projects

– Market Activity

Social investment in community shares has grown significantly in recent years and hit a peak for annual issues of 104 in 2015, before reducing to an annual run rate of around 60 issues per year (partly due to the cut in renewable energy feed-in tariffs in 2015 which reduced the viability of many community energy projects). CSUF has now closed having fully deployed its investment. The good news is, we were there to support the movement when there was the strongest need for it.

Social investment in affordable housing remains a growing movement and something we, and the investors in our funds, are committed to stay a part of.

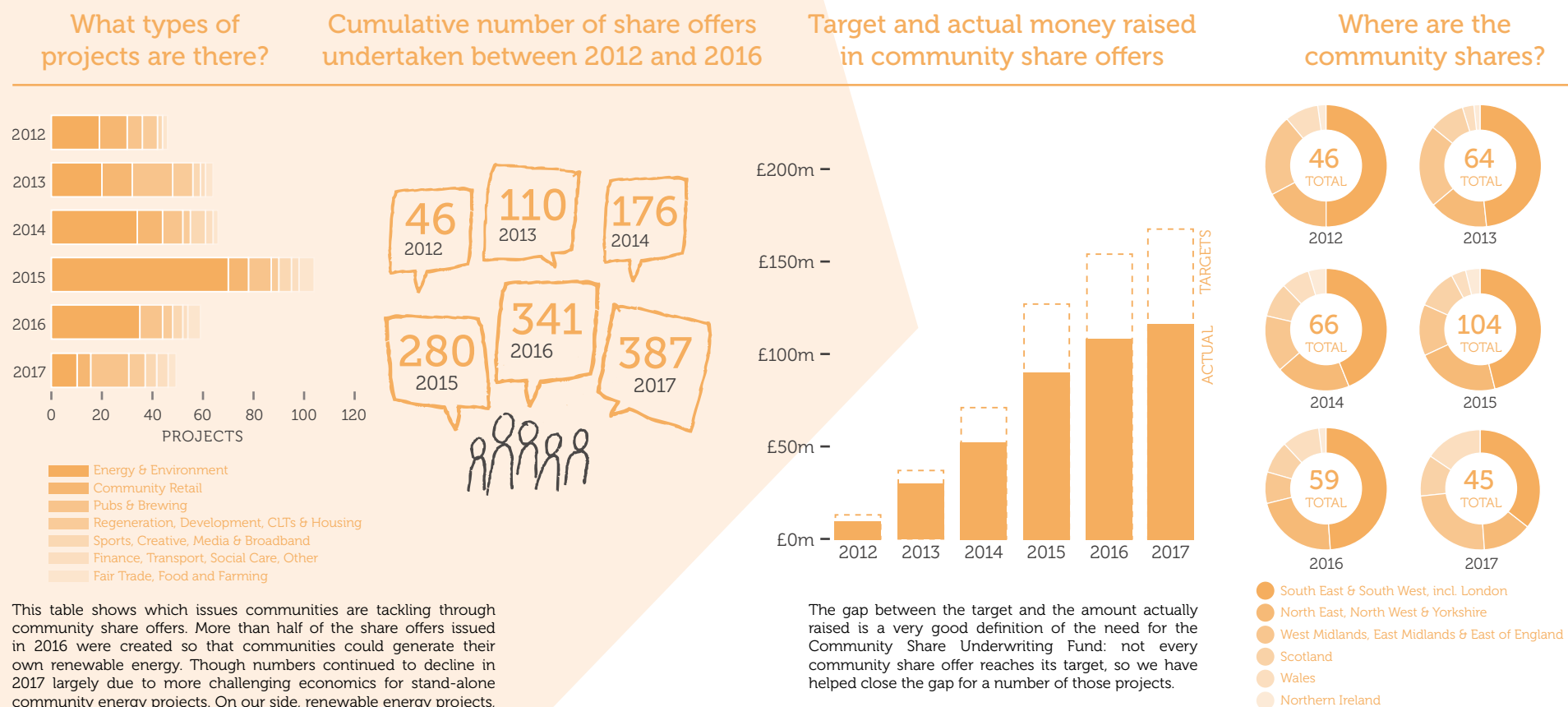
The section overleaf tells the story of where the existing funds fit in the overall market, and in the section after that we describe how our newly launching Community Asset Development Fund can continue to take forward this work.



6A. COMMUNITY SHARES

Resonance's Community Share Underwriting Fund has served a big demand from communities across the UK who wanted to take control of their own destinies. Now that the Community Share Underwriting Fund is fully deployed, we are starting to work on the next generation of community funds, responding to the needs of the communities.

Over the past few years, the evolution of community shares in the UK looks like this⁹:



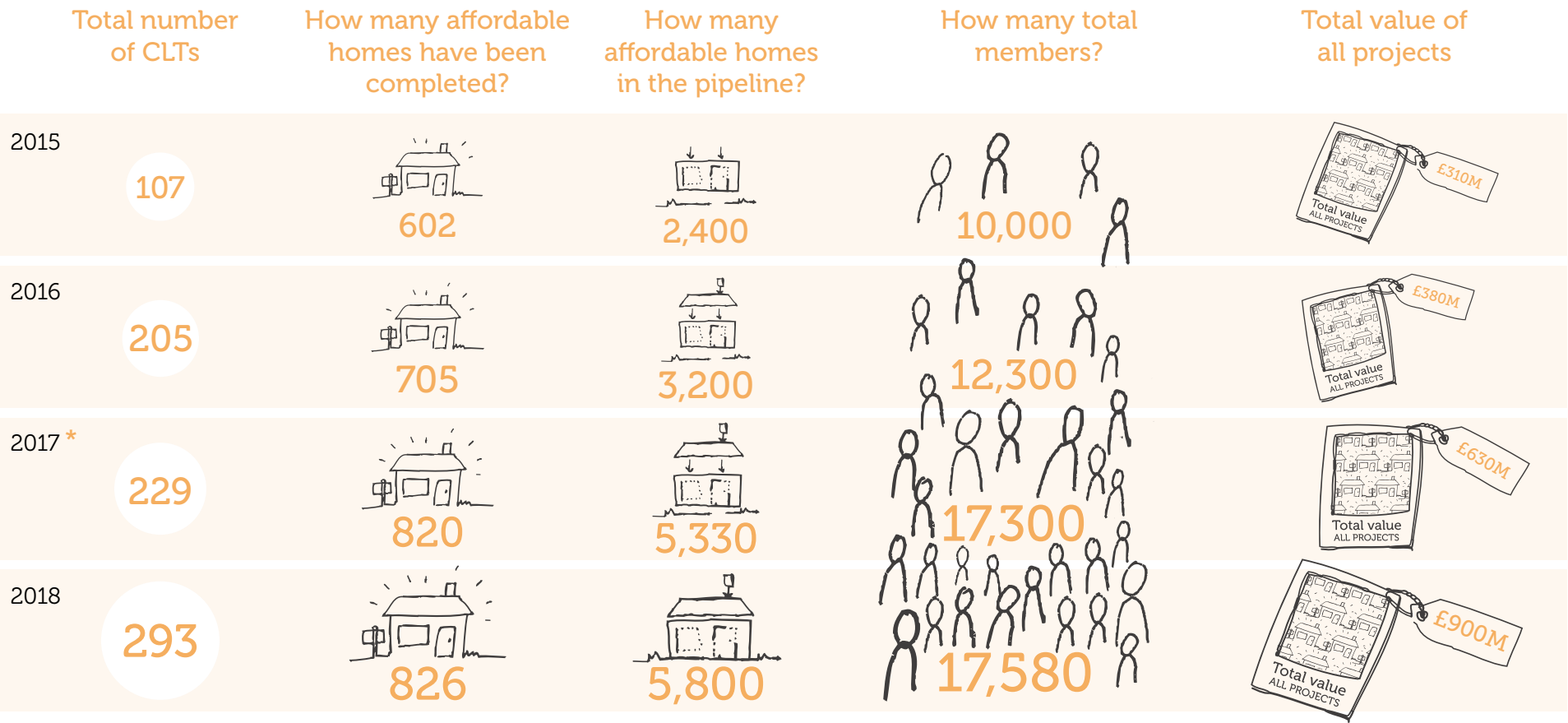
⁹ With our thanks to the Community Shares Unit for the data, made publicly available at <http://communityshares.org.uk/>

6B. COMMUNITY LED AFFORDABLE HOMES

Our Affordable Homes Rental Fund (AHRF) principally invests in Community Land Trusts (CLTs), which are an increasing part of fixing the problem of unaffordable local housing in this country¹⁰.

CLTs are springing up all over the UK and we are supporting as many of them as possible.

There were 229 CLTs in 2017, with around 17,300 members in total. In 2018¹¹, there are now almost 300 CLTs, gathering about 17,600 members. So far, those CLTs have completed 826 affordable homes and they have 5,800 homes in their plans for the near future. The value of this pipeline of homes is around £900 million worth of affordable homes projects¹².



¹⁰ There's a little more explanation of CLTs in Appendix 2 to this report.

¹¹ Year to date.

¹² With our thanks to the National CLT Network for the data.

7. Our Future Plans for Community Assets

We are now working towards launching a new fund to support community led development at the beginning of 2019. Drawing upon our learning and experiences from the AHRF and CSUF and the current demand seen in the market, it is aimed at communities who want to own and develop their own assets to meet local needs. This new initiative will be able to assist communities from the start of their projects through to completion and operation, through the investment of equity at feasibility, land assembly and development stages.

Support and investment will be targeted at communities wishing to develop local needs, affordable housing, sports and leisure assets to encourage activity, health and wellbeing, and wherever possible, to integrate community renewable energy generation. The use of existing or new Community Benefit Societies to deliver those projects will be encouraged.

By working with local partners and stakeholders, investment can be targeted towards communities experiencing some of the worst levels of deprivation, with community engagement, capacity building and organising being integral to our approach.

The new fund will initially start in three locations – Gloucestershire, Cornwall and Greater Manchester, and will roll out across the UK as local partnerships and projects come forward for investment.

Initial funding has been secured and with projects already in the pipeline, we are excited that this fund will address a real need to help community projects when they face their biggest hurdles of getting their schemes off the ground, right through to completion of the project.

If the fund is of interest to you, whether as an investor, a partner, or you have a project that you are considering, then please come and talk to us.



Lara Bell
Head of Community Assets

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Tel: 07517 994431

Appendices

APPENDIX 1 – Community groups we have supported to date

	Community Group	Project	Fund	Status	Total project	Approved for investment
1	Cornwall CLT - project 1	Community owned affordable housing - refinancing	AHRF	Loan finance taken	£110,000	£110,000
2	Cornwall CLT - project 2	Community owned affordable housing - refinancing	AHRF	Loan finance taken	£90,000	£90,000
3	Somerset CLT - project 1	Community owned affordable housing & workspace - purchase	CSUF	Loan offered, however, price could not be agreed by community group with vendor	£720,000	£90,000
4	Rural Foundations CIC	Community owned affordable housing - refinancing	AHRF	Loan offered, however, planning technicality could not be agreed	£80,000	£80,000
5	Holsworthy CPT - project 1	Community owned affordable housing - refinancing	AHRF	Loan finance taken	£100,000	£100,000
6	Sheffield Renewables CBS	Community owned hydro electricity project	CSUF	Underwriting offered, however, project did not proceed due to unviable installation tender	£800,000	£200,000
7	Ecodynamic CBS	Community owned wind turbine project	CSUF	Underwriting taken and drawdown, matched by community share funding	£350,000	£80,000
8	Homes For Wells CBS	Community owned affordable housing - conversion	AHRF	Loan finance taken	£1,370,000	£400,000
9	Stockwood CBS - project 1	Community owned business park and farm	CSUF	Underwriting taken and drawdown, matched by community share funding	£2,800,000	£200,000
10	Cornwall CLT - project 3	Community owned affordable housing - refinancing	AHRF	Loan offered, however, project was financed through grant funding	£370,000	£370,000
11	Holsworthy CPT - project 2	Community owned affordable housing - development	AHRF	Loan offered, however, planning was declined	£190,000	£190,000
12	John Cleveland CBS	Community owned renewable boilers for local college	CSUF	Underwriting taken, leading to fully subscribed share issue	£640,000	£50,000
13	Middlesbrough CLT	Community owned affordable housing - empty homes conversion	AHRF	Loan offered, however, project was financed through grant funding	£360,000	£200,000
14	Cornwall CLT - project 4	Community owned affordable housing - development	AHRF	Loan offered, however, project did not receive grant funding required	£140,000	£100,000
15	Cornwall CLT - project 5	Community owned affordable housing - purchase	AHRF	Loan offered, however, price could not be agreed by community group with vendor	£80,000	£60,000
16	Osney Lock CBS	Community owned hydro electricity project	CSUF	Underwriting taken and drawdown, matched by community share funding	£670,000	£150,000
17	Holsworthy CPT - project 3	Community owned affordable housing - development	AHRF	Loan offered, however on hold as further planning submitted for more units	£190,000	£190,000
18	Somerset CLT - project 2	Community owned affordable housing & workspace - conversion	CSUF	Underwriting taken and drawdown, matched by community share funding	£410,000	£130,000
19	Low Carbon Gordano CBS	Community owned solar farm	CSUF	Underwriting taken, leading to fully subscribed share issue	£2,100,000	£600,000
20	Bristol CLT	Community owned affordable housing - conversion / new build	AHRF	Loan offer accepted and drawdown	£1,800,000	£1,200,000

	Community Group	Project	Fund	Status	Total project	Approved for investment
21	Broadhempston CLT	Community owned affordable housing - self build	AHRF	Loan offer accepted and drawdown	£880,000	£880,000
22	Bath & West Community Energy (Wilmington)	Community owned solar farm	CSUF	Underwriting taken, leading to fully subscribed share issue	£2,600,000	£600,000
23	Wiltshire Wildlife Trust	Community owned solar farm	CSUF	Underwriting taken, leading to fully subscribed share issue	£6,100,000	£600,000
24	Oxfordshire CLT	Community owned affordable housing - development	AHRF	Loan approved however project on hold	£900,000	£640,000
25	Resilience Centre CBS - Alvington	Community owned wind turbine project	CSUF	Underwriting taken and drawdown, matched by community share funding	£1,850,000	£600,000
26	West Oxford Comm Renewables	Community owned solar project on a school	CSUF	Underwriting taken and drawdown, matched by community share funding	£312,000	£140,000
27	Chelwood Community Energy	Community owned solar farm	CSUF	Underwriting taken and drawdown, matched by community share funding	£5,800,000	£600,000
28	Low Carbon Hub CBS	Community owned roof mounted solar	CSUF	Underwriting taken and drawdown, matched by community share funding	£1,370,000	£600,000
29	Stockwood CBS - project 2	Community owned farmland - expansion of biodynamic farm	CSUF	Loan offered, however, project was financed by other funding	£700,000	£200,000
30	Craigmillar Eco Housing Co-op	Community owned affordable housing - new build	AHRF	Loan approved however project on hold	£930,000	£930,000
31	Resilience Centre - Mounteneys	Community owned wind turbine project	CSUF	Loan offered, however, project was financed by other funding	£2,750,000	£600,000
32	Beer CLT	Community owned affordable housing - refinancing	AHRF	Loan offered, however project refinanced through Council	£300,000	£300,000
33	Southill CBS	Community owned solar farm	CSUF	Underwriting taken and drawdown, matched by community share funding	£4,420,000	£600,000
34	Broadhempston CLT - project 2	Community owned affordable housing - self build (additional lending)	AHRF	Loan finance taken	£50,000	£50,000
35	Holsworthy CPT - project 4	Community owned affordable housing - purchase	AHRF	Loan offer accepted and drawdown	£385,000	£390,000
36	East Mid Homes Coop	Community owned affordable housing - conversion	AHRF	Loan offer accepted and drawdown	£195,000	£175,000
37	Middlesbrough CLT - project 2	Community owned affordable housing - conversion	AHRF	Loan offer approved, but not yet drawn	£65,000	£80,000
TOTAL ¹³					£42,977,000	£12,575,000

	Total Project	Approved for Investment
Total CSUF projects underwritten	£30,122,000	£5,150,000
Total CSUF projects underwritten with loan drawdown	£17,982,000	£3,100,000
Total AHRF projects with loan taken	£4,980,000	£3,395,000

¹³ This table shows everything we have **approved** for investment so far. Elsewhere in the report, our practice in reporting metrics is to only record data when a community **accepts** the offer of investment that we make, as that is when a project becomes contractually and financially linked to our funds. The numbers are higher in this table as we have included all offers made.

APPENDIX 2 - Some more background on affordable housing through Community Land Trusts

Community Land Trusts (CLTs) are commonly used vehicles for communities undertaking affordable housing projects. Given the severe shortage of affordable homes for rent throughout many areas of the UK, there has been a surge of members of the community coming together to tackle this problem themselves for the good of their community. As a result, CLTs are being established across the UK.

The AHR Fund offers a loan product to CLTs and other community led organisations, which struggle to access appropriate finance from traditional lenders, thereby allowing them to establish financially viable projects. The Fund can offer both development finance to fund construction of a project and a 7-8 year rental mortgage to finance rental homes once the project is built.

This allows the borrower to build a track record of operations and debt repayment, allowing it to refinance at the end of the loan term with a traditional mortgage lender. Due to the structure of its loan product the Fund is able in many cases to provide up to 100% of the development finance required, dramatically simplifying the financing challenge for CLTs.

APPENDIX 3 - How do community share issues work in practice?

How do they start?

Community share offers typically start with three or four people getting round a kitchen or pub table and asking some simple questions: "Why couldn't we do that here?" or "Why don't we do it ourselves instead of campaigning for the local authority to do it?". These pioneers typically have some professional skills or experience and at least one has some 'spare' time.

Building the case

Most then seek the advice of a support consultant or other community group and together they build a case, securing options on sites, planning permission, developing financial models and preparing share offer documentation. Along the way a few friends join in with support, money or time.

Does anyone else care?

By the time the share offer goes live and the publicity starts there is often a small momentum building, but the share offer document is the start of trying to further engage people to join the journey. This typically mobilizes 50+ investors and the project can get underway.

It's working!

Once this has been realized, investors and other community stakeholders (the school, the library, the town council) start to collaborate with the new force that has emerged. Gradually new projects are taken on within the same structure or through sister organisations: the pub, the post office, a piece of land for workspace, affordable housing or allotments, a wind turbine, even some vehicles for a car club or community transport project. Each project is carefully chosen by the community group to be both economically viable and of additional value to the community. Each attracts more investors and generates some surpluses.

APPENDIX 4 - What is social impact investment anyway?

The legacy

Eventually the community has created a vehicle that has hundreds of members earning money and participating in improving their town or village, whilst building up reserves which can be used to support new schemes or act as a dowry for keeping the playground in good order, providing funds for families facing redundancy or sponsoring community events.

The recent interest in community share issues reflects an environment in which, on the one hand, the need to preserve assets and services at a community level has never been greater whereas, on the other hand, the availability of traditional financing sources (particularly bank finance) has diminished. Community share issues offer a powerful tool for local communities to supplement, or even bypass, traditional financing sources which may not be serving their purposes. Whilst it is not necessarily the case that community share offer activity will correlate with the most deprived economic areas in the country, in each case there has been the identification of a local need that can be addressed, or benefit created, by local people themselves who are also actively involved in its delivery and financing. This is therefore a powerful model for positive local action across the country.

The success of pioneering community groups such as Mustard Seed Property, Fordhall Farm and others, has encouraged others to raise their ambitions for raising finance in this way. Government has also backed the development of the sector through the formation of a Community Shares Unit. Specialist advisors are beginning to emerge who can help shortcut the learning for community groups with expertise in types of assets, approaches and geography. However, the sector remains at an early stage of development and the next few years will be critical to establishing a mature and healthy market for this source of community financing.

The UK is setting the pace for a growing international movement towards social investment. It's beginning to feel like a new normal; where investors want to do well by doing good. The old normal typically separated the money-making (with a certain blindness about how) from the good-doing (usually by giving some away). The new normal says that you can find ways to achieve both of these objectives together in the same investment – and that's sometimes both a better way of investing *and* a better way of achieving the impact you want to see.

No wonder it's an idea that's getting noticed, and steadily building some good evidence across the globe.

In the UK, new money is flowing into impact investment through organisations like Big Society Capital; the *Access Foundation* (£100m to direct into supporting smaller scale high-impact social enterprises); the *Power to Change Trust* (set up with £150m of Lottery money to support, develop and grow community businesses); and enlightened pioneering trusts already investing their endowment for positive social impact, like the Esmée Fairbairn Foundation. And because the new normal is about investment, rather than donations, it's setting up long term, sustainable relationships between investors and social enterprises.

On the demand side, communities still want to get things done to make their lives better, but they can't rely on the old normal. They need a new kind of money to make it happen.

That's where Resonance exists – in the middle ground between the demand and the supply – to build bridges between those who need investment for good social enterprise, and those who want their investment to make a difference as well as make a return.

At Resonance, we hope that our reporting of both the financial and impact track record of all the funds we now run, including the two in this report, is helping to build a bigger and better market for social investment, one good deal at a time.

Our investors into the community asset funds to date



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Residents and Bristol CLT staff © Bristol CLT

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