

# Homelessness Property Funds

Social Impact Report  
(2017/18)



Scaling up solutions to homelessness  
through social impact investment

**St Mungo's**  
Ending homelessness  
Rebuilding lives

resonance 

 reallettings  
**propertyfund**

nationalhomelessness  
**propertyfund**

## Using this report

This report tries to balance being comprehensive with being accessible. Given that the Funds change year on year, we have sought to make it easier to see where something is consistent or where it is new.

There are two main changes this year:

1. A single social impact report covers the three Resonance Homelessness Property Funds: The original London-based Real Lettings Property Fund, the National Homelessness Property Fund (expanding the initiative outside London) and the Real Lettings Property Fund<sup>2</sup> (continuing the initiative in London). They have the same intended impact and so the potential for learning across them makes a combined evaluation most appropriate.
2. The addition of an expanded Impact Summary explaining important, cross-cutting areas affecting the strategic direction of the Funds. The section on demographics and the three impact areas are retained as before and are now in the Impact in Depth section.

We have also kept the explanation boxes, which contain text that describes particular areas or processes. These tend to be consistent over time, but if these do change, the report makes this clear. For readers already familiar with Real Lettings and the Funds, they can choose whether to refer to these boxes or to focus instead on the main analysis and commentary.

*This report was prepared by Andy Schofield and Jamie Pett of the Transformational Index (TI) Group, with active contributions from the Resonance and St Mungo's teams. The authors gratefully acknowledge the help of all of the staff and tenants who made the writing of this report possible.*

## Contents

<b>2</b>	<b>Impact summary</b>
2	About the Funds
4	Tenants' stories
7	Key achievements
8	What are we learning?
<b>12</b>	<b>The case for Homelessness Property Funds</b>
<b>14</b>	<b>Impact in depth</b>
14	How is it making a difference?
14	Who is housed?
18	Improving housing opportunities
22	Progress towards employment
24	Improving resilience against homelessness
26	Outcomes for tenants: an overview
<b>30</b>	<b>Where next?</b>
<b>31</b>	<b>Appendices</b>
31	a) Social impact framework
32	b) Preserving social impact
32	c) The Sustainable Development Goals
33	d) About Resonance
33	e) About St Mungo's



# Impact summary

## About the Funds

Real Lettings is a social enterprise run by homelessness charity St Mungo’s. In partnership with social investment firm Resonance, three property investment funds have so far been set up with the same social purpose: to help people at risk of homelessness to become more independent, linking stable housing to positive development in other parts of their lives. This report assesses the combined social impact of the Funds to date.

The three Funds are:

1. **Real Lettings Property Fund (RLPF<sup>1</sup>)** – London-focused, and the pioneer fund for this initiative. It is now fully invested and in its fifth year of operations in 2017/18.
2. **National Homelessness Property Fund (NHPF)** – Launched in late 2015 to take the initiative to other cities around the UK, it so far operates in Bristol, Milton Keynes and Oxford. It is in its second full year of operation, and continues to raise investment, acquire its portfolio and is looking to expand to other cities around the UK.
3. **Real Lettings Property Fund<sup>2</sup> (RLPF<sup>2</sup>)** – Launched in early 2017, in order to continue the initiative in London. Although money was being used to purchase homes last year, this is the first full year of operations and it also continues to raise investment and acquire its portfolio.

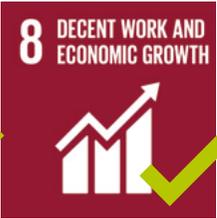
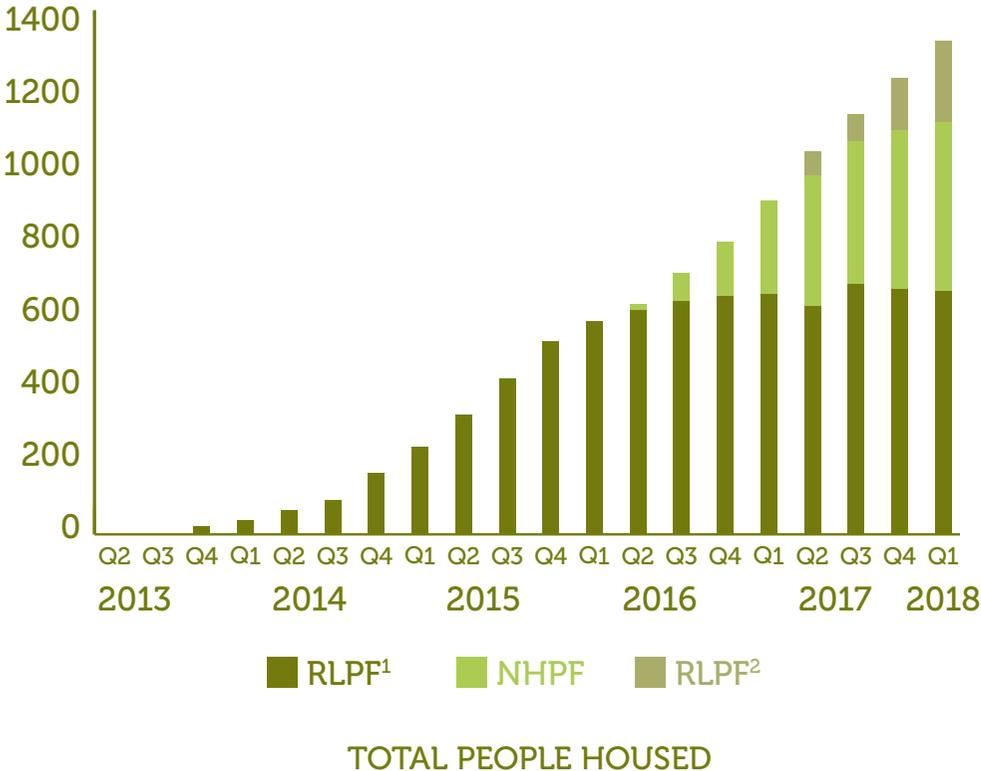
The different levels of investment in each of the Funds and the number of properties each has bought, is shown in the diagram. Total investment in the three Funds is £155m at the time of reporting. Once money is invested, it takes some time to identify and purchase suitable properties, which are then refurbished by Resonance before they are handed over to St Mungo’s. At this point, the Real Lettings team arranges for tenants to move in.

## FROM PROPERTIES TO PEOPLE



While RLPF<sup>1</sup> is fully deployed, both NHPF and RLPF<sup>2</sup> are still raising investment and will continue to deploy, meaning the number of people housed will continue to grow. The graph below shows how the total number of people housed has grown during the life of the three Funds to date.

This social impact report, like previous ones, uses social impact measurement and analysis to show the impact being made and how the Funds can make improvements to generate even greater impact.



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 above.

## Tenants' stories



### MILTON KEYNES

The family of four has been with Real Lettings for over a year. Before this, they had been living in a B&B and then temporary accommodation for six months and had experienced overcrowding and debt.

Parents Maia and Musa are working full time, one as a carer and the other in a hospital. Their nine-year-old son is at school and their three-year-old daughter attends nursery. With support from Real Lettings, they have settled into the area and property, cleared their debts, and started saving towards a deposit for a help to buy scheme.

Without Real Lettings, they had been living in temporary accommodation. This would have made work and education very difficult, as where they had been placed was too far from amenities and the cost of daily travel to nursery and school would have meant at least one of the parents would not have been able to work.



LONDON

Rodney had been homeless and in temporary accommodation with his fourteen-year-old son, after a difficult break up with his ex-partner and losing his business and home.

Rodney was working when he moved into Real Lettings but had to give up work because it was too far to travel. Real Lettings has helped him in decision-making, building his confidence and referring him to other support within St Mungo's. He has enrolled on a two-year college course studying music production. He hopes to get a degree at the end and start his own business.

**"Having a stable home has given me my life back. I have been able to make some life-changing decisions for myself including a complete change of career. My son's behaviour has improved so much. He loves coming home from school now and has his own space. The support I have received from [Real Lettings] members of staff is second to none."**



LONDON

Mabintou is a single mum of two children, aged nine and seven. She had been living with her parents in a very overcrowded property, before moving into temporary accommodation and then being referred by the council to Real Lettings. She is eight months pregnant with her third child. She has been a Real Lettings tenant for three years.

**"Real Lettings gave me support applying for jobs. I feel so much more confident in myself. I now have a job in a nursing home, which I really enjoy. By having a stable home, my children have also grown in confidence at school."**

Mabintou is looking to move out of London as it is much cheaper, but her plans are on hold until after the birth of her third child.



LONDON

Kelly is a single parent. Her nine-year-old son was diagnosed with severe autism at the age of four. Kelly had been housed by Croydon Council in temporary accommodation after her private rented property was repossessed when the landlord failed to pay the mortgage.

Kelly moved into her home in February 2018. She said:

**"I was over the moon to sign a two-year tenancy as I felt stable. Stability is so important to my son because of his autism."**

Kelly values the support of the Real Lettings team, who she finds friendly and positive. Kelly works sixteen hours a week and hopes to go back into full time work once her son is settled into his new surroundings.

\*Not the tenant's real name



Kristina\*



OXFORD

Kristina, her partner and their two young children had been living with Kristina's mother. She asked them to leave her property within three months, so they approached Oxford Council and were referred to Real Lettings.

After a year with Real Lettings, they feel like they have a home for the whole family and relationships with Kristina's mother have improved. Real Lettings has helped with rent issues and supported the family's plans to move, including registering with other councils.

Without Real Lettings, the family would have been moved to temporary accommodation and might have been split up, with the mother and youngest sixteen-month-old child going to a mother and baby facility. They would not have had the support Real Lettings provides and the effect on the children would have been adverse.

Jasmin\*



BRISTOL

Jasmin recently moved into her Real Lettings home with her six-year-old daughter. Before this, she had been living with her daughter in temporary accommodation for two years.

Unfortunately, Jasmin is not working at the moment due to ill health. She requires two operations that are now scheduled, and she feels happy that she has a base to return to so she can heal. She is also finding her relationship with her daughter better as they have some space.

Without Real Lettings, Jasmin would have had to stay in temporary accommodation. She feels her relationships would have suffered and her health would be in decline.

# 2018

## KEY ACHIEVEMENTS

The graphic highlights the key achievements from each of the chapters in the "Impact in depth" section



Who is housed?



Improving housing opportunities



Progress towards employment



Improving resilience against homelessness

## What are we learning?

Real Lettings achieves impact by moving homeless people into properties owned by the Funds. It supports them as they make the transition and then, in due course, aims to enable them to move on to other stable homes. This year, we highlight three themes that have a significant influence on the Funds and how their impact is developing.

### The importance of stable housing to children

#### Real Lettings is primarily a solution for families

Over the life of all the Funds, almost half of people housed have been children. The number of people per household has risen every year since the Funds began and now stands at just under 2.6 people per home. 86% of households include children – half of these with children aged two or under – and this is increasing, as 100% of households in RLPF<sup>2</sup> include children.

Referring families with children is a priority for councils that refer people to Real Lettings for tenancies. Most children are pre-school age, which has a bearing on parents' caring responsibilities and the availability of free childcare.

#### The value of Real Lettings for families with children is particularly high

Independent studies show that homelessness and temporary accommodation are harmful to children. A study in 2017 by the Local Government Association<sup>1</sup> states that "Homelessness has particularly adverse consequences for children and can affect life chances." It goes on to warn that access to services such as healthcare and

education is impaired, physical and mental health suffer, and parents may be less able to meet the needs of their children due to the challenges that homelessness forces on them, including increased costs and stress. This negative impact on children – in educational attainment, health and family stability – can create triggers to homelessness in adulthood, creating a vicious cycle.

Worryingly, homelessness amongst families is increasing, with far more having to stay for longer periods in inadequate temporary accommodation. This might entail two children and one or two parents sharing a single room in a B&B or hostel, with only a fridge and microwave for food. Particularly in London, this may well be located at a considerable (and costly) distance from where they have support networks, employment or childcare. In this light, moving into a Real Lettings property directly or from temporary accommodation is a major improvement for quality of life and stability. The experience of Real Lettings staff confirms both the difficulties of temporary accommodation and the positive perception of tenants when they move in to a Real Lettings property.

<sup>1</sup> The impact of homelessness on health: a guide for local authorities, 2017. [https://www.local.gov.uk/sites/default/files/documents/22.7%20HEALTH%20AND%20HOMELESSNESS\\_v08\\_WEB\\_0.PDF](https://www.local.gov.uk/sites/default/files/documents/22.7%20HEALTH%20AND%20HOMELESSNESS_v08_WEB_0.PDF)

<sup>2</sup> See, for example, Julie Rugg's 2016 study of L&Q tenants, *Women, Families and Work: How to help L&Q's women residents into work and tackle the barriers they face*.

**The presence of children has implications for the housing and work decisions of families and should inform how Real Lettings supports tenant transitions**

Children can be understood as a significant constraint in choices related to housing and employment.<sup>2</sup>

- Real Lettings data shows that employment rates rise significantly for every child that enters school.
- Children's education is also likely to be a factor in how families think about moving on from Real Lettings. Staff have examples both of families not wanting to move because a child is in school, or conversely moving back to a location where family support is available, so that a child entering school gives them more time for employment.
- Roughly a third of children are under two, hence do not qualify for free childcare, a third are in the three to five age range, so childcare is available, and a third are of school age. Free childcare from three is limited to 15 or 30 hours per week, but the times may not fit with employment or cover school holidays.
- The picture becomes more complicated as families often have more than one child and they may be in different age brackets.

In general, more children in tenancies limits progress towards employment but does not rule it out. Helping tenants, particularly families, with their decision-making about transitions is important and needs to engage with the interactions of home, work, childcare, education and finances. Real Lettings staff already help with this where possible, applying insights from areas such as psychology and life coaching. Perhaps training and new techniques for staff and/or tenants to use could have a positive impact for tenants and for the overall impact of the Funds.





## Tenants' progress whilst with Real Lettings

### There is positive progress shown amongst almost all longer-term residents

This report identified all of the tenants who lived in a Real Lettings home in 2014/15 and were still in Real Lettings in 2017/18 and looked at their progress over time. There was positive change in all major indicators. Tenants who stayed with Real Lettings generally:

- show improved savings behaviour
- feel more positive about the future
- have goals
- report increased confidence to look for private homes
- report paying more bills on time
- progress towards employment

One of the intentions was to check that there was not a cohort of tenants who were stuck and not progressing in Real Lettings homes. Only five people out of the 68 identified were unemployed, without childcare in place and not in education, employment and training and not actively seeking work. The detail of their family circumstances is not known, but in all but one case they were caring for two children, at least one of whom was not eligible for free childcare.

### The greatest progress tends to show up in people's second year in the properties

Most of the growth in indicators relating to the impact areas of improving housing opportunities and employment took place in the second year. The main exceptions are related to resilience against homelessness, as measured through social connections: tenants were significantly more likely to report being friends with their neighbours and saying that their home has had a positive impact on their support network and relationships in their third year.

### Real Lettings does well to increase people's choices about their housing

Taking the findings of this longitudinal analysis and combining this with how long people stay in Real Lettings homes suggest that three years in a tenancy is generally positive and productive. Of course, people can move on more quickly and this is to be welcomed where it is positive. But it is equally the case that it takes time to stabilise after homelessness, develop a new plan and put it into action. This also relates to the importance of Real Lettings as an advisor or coach in helping tenants to know where to focus their efforts and what decisions to make and when.

## Moving on

Progress, in terms of employment and saving, is not strongly correlated with move-on. This is probably because of the ever-growing challenges of the UK housing system

Real Lettings staff and the analysis done for this report have both experimented with identifying behaviours that make a positive move-on more likely. However, looking at data for everyone who has moved on so far over the lifetime of the Funds neither confirms nor denies that these behaviours make a difference. For example, people who move on positively may or may not be employed and may or may not be saving or in rent arrears. This is not to say that promoting employment, saving or payment of rent is wrong! It is highly positive that Real Lettings staff have structured plans to assist tenants with move-on, often at local authority level and targeted to specific people who display these kinds of characteristics. Staff are also using their personal knowledge and experience to work with people.

It is more likely that the housing system is the major blockage to moving on. The economics of household incomes and costs compared to expensive housing markets with limited affordable supply in the south of England means that Real Lettings tenants struggle to find somewhere suitable or affordable.

Real Lettings is working increasingly well as a model for helping people move on positively

57% of household move-ons this year were positive, compared to 12% that were negative (based on 47 tenants: 27 positive, 14 other and 6 negative). Across the Funds, the ratio of positive to negative move-ons is four to one. The absolute numbers moving on positively have increased since last year, from 10 to 27. There are similar levels of households moving on positively to the private rented sector (PRS) and social housing. There are also some positive move-ons to family and friends, where this is judged to be a positive choice.

**9% of tenants moved on from Real Lettings in the past year, a lower rate than expected when RLPF<sup>1</sup> was created**

Having improved the ratio of positive to negative move-ons, the challenge is to maintain this whilst increasing the rate at which people move on. Although the wider economic challenges of the UK housing market cannot be resolved by Real Lettings, building partnerships that open up more housing options to Real Lettings tenants and supporting decision-making about moving on is important. The recently agreed two-year extension to RLPF<sup>1</sup> (from seven years' duration to nine) is valuable because it recognises the longer time that some people spend with Real Lettings and provides an opportunity to speed up the rate of move-on, so the Funds can benefit more people.



**St Mungo's and Resonance are committed to acquiring the resources and building the partnerships that will support move-on**

Given the very limited options available to tenants on the open market looking to leave Real Lettings, developing relationships with landlords, estate agents, social housing providers, co-operatives and other organisations is important to help people access suitable housing and moving on. All Real Lettings staff need to, and do, work with tenants on their decision-making. Resources are also needed to broker partnerships and maintain these relationships, which need dedicated staff with different skills to those of supporting tenants. St Mungo's and Resonance are exploring external funding opportunities at a corporate level to achieve this. This stands to be complementary to working with tenants, as all staff help them understand their options and make decisions, and new resources broaden the range of appropriate choices about their future home.

# The case for Homelessness Property Funds

Homelessness is a growing problem



People estimated sleeping rough in London on any one night in Autumn 2017

Source: Sleeping rough in England 2017 Rough Sleeping Statistics, Homeless Link

This figure is up from 4,134 in 2016, and 2,744 in 2014

Temporary accommodation need is increasing...



Households in temporary accommodation in December 2017

Source: Statutory homelessness and prevention and relief, October to December (Q4) 2017: England, Ministry of Housing, Communities and Local Government

This figure includes 120,510 children, representing a 75% increase since 2010

And expensive



Cost of temporary accommodation

Source: Homelessness, National Audit Office

Spending on temporary accommodation has increased by 39% in real terms since 2010/11

Long waiting lists for social housing



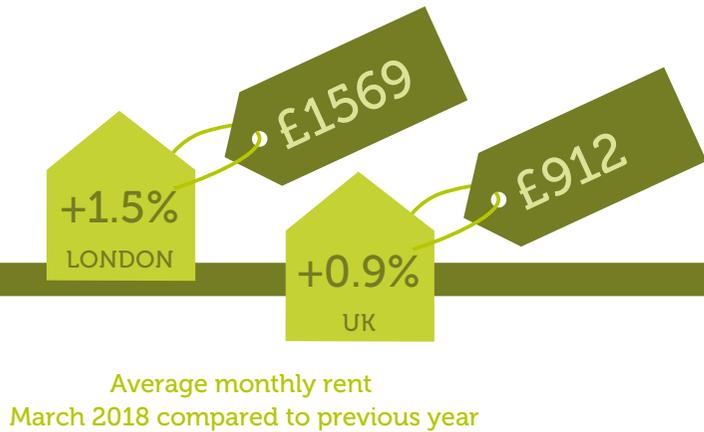
Households on council housing waiting lists

Source: Households on Local Authority Waiting List in England, London Datastore

Only 290,000 social homes were made available last year – a difference of more than 800,000 homes

The primary social impact of the Homelessness Property Funds is on tenants who gain a stable home and a supportive landlord as an alternative to homelessness and temporary accommodation. The Funds also have a secondary, indirect impact on local authorities. Temporary accommodation is costly for local authorities. Saving money means that they can spend it elsewhere, whether on housing or other services.

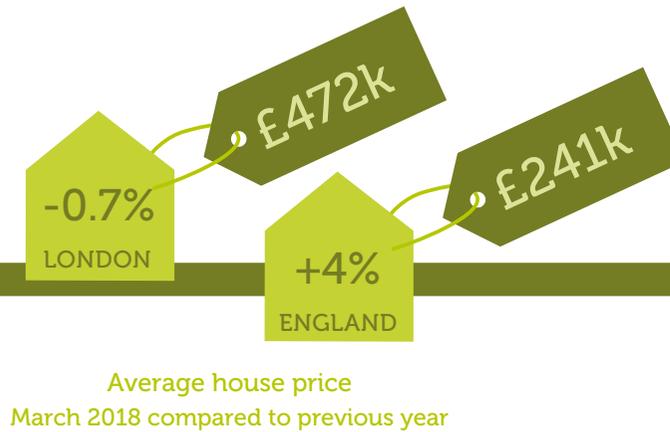
### Renting?



Source: Homelet Rental Index March 2018

The average monthly rent in London and nationally continues to rise

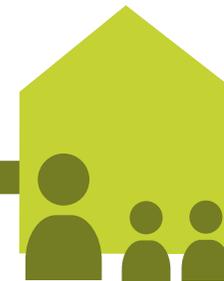
### Buying?



Source: UK House Price Index summary: March 2018, HM Land registry

Home ownership is increasingly out of reach for much of the population, including people in Real Lettings

### Homelessness Property Funds



Real Lettings provides a secure and well-managed home, where alternatives would be unsuitable, unobtainable or unaffordable

## Impact in depth

### How is it making a difference?

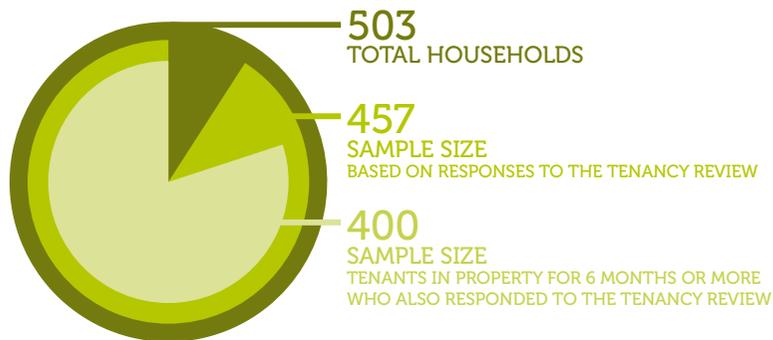
Real Lettings achieves impact by moving homeless people into properties, supporting them as they make the transition and then, in due course, enabling them to move on to other stable homes. Real Lettings seeks to have a positive impact on the lives of individuals in three key areas:

- Improving housing opportunities
- Progressing towards work
- Improving resilience against homelessness

Resonance and St Mungo's jointly developed measures for assessing progress in each of these areas based on the underlying motivations of Real Lettings. This was done at an early stage and the measures have been the subject of ongoing discussions between the partners since then. For more information, see the Appendix titled Social Impact Framework.

The three impact areas are considered below following the section on who Real Lettings houses, which sets the context. Understanding who is supported by Real Lettings is important to understanding its impact, because it demonstrates why residents need access and support.

The diagram below shows how samples for answers to these questions relate to the overall number of households in properties owned by the Funds.



### Who is housed?

**100%**  
Households in RLPF<sup>2</sup>  
include children

Across the Funds, the average is 86%. Half of these households include children who are aged two or under, since this is a priority group for Local Authorities referring tenants.

48% of RLPF<sup>1</sup> households have children aged three to five, compared to 19% for RLPF<sup>2</sup> and 26% for NHPF. This is likely to be due to the Fund having been in place longer.

**64-80%**  
Households with one  
adult by Fund

Whereas 80% of RLPF<sup>1</sup> homes have only one adult in the house, this figure is 78% for RLPF<sup>2</sup> and 64% for NHPF. Looking instead at relationship status (a different part of the data and not necessarily the same as who lives in the house), 37% of NHPF tenants are married or in a couple, compared to 17% of RLPF<sup>1</sup> and RLPF<sup>2</sup> tenants. NHPF tenants are therefore twice as likely to be in a couple.

## 11-24%

### Households where the tenant is younger than 25, by Fund

11% of RLPF<sup>1</sup> and RLPF<sup>2</sup> tenants are aged 24 or under, less than half the figure for NHPF tenants, where 24% are aged 24 or under.

## 14-48%

### Variation in White British tenants within and outside of London

14% of tenants for RLPF<sup>1</sup> and RLPF<sup>2</sup> describe themselves as White British; 48% of RLPF<sup>1</sup> and RLPF<sup>2</sup> tenants describe themselves as Black or Black British. London, as one would expect, is ethnically diverse. By contrast, 49% of NHPF tenants are White British. There is still considerable diversity, reflected in the 46 nationalities speaking 23 languages across the three Funds. 12% of RLPF<sup>2</sup> tenants require English language support, compared to 7% for RLPF<sup>1</sup> and 7% for NHPF.

## 3%

### Tenants identify as transgender

This is a false average: 5% of NHPF tenants and 5% of RLPF<sup>2</sup> tenants are transgender, compared to 1% of RLPF<sup>1</sup> tenants. The reason for this is unknown. Neither domestic violence nor harassment are given as reasons for the referral to Real Lettings so there is no evidence from the tenancy review to suggest discrimination.

## 72%

### RLPF<sup>1</sup> tenants have been in the property for more than two years

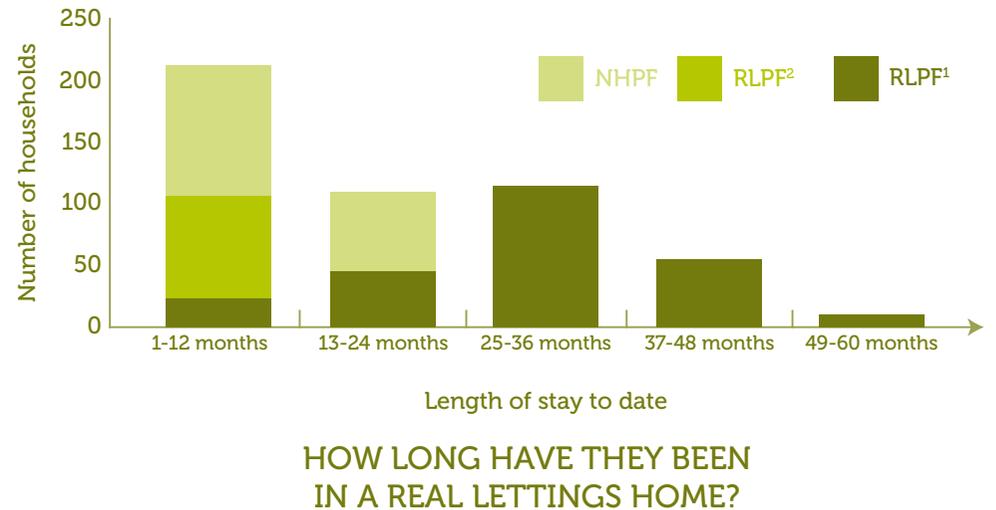
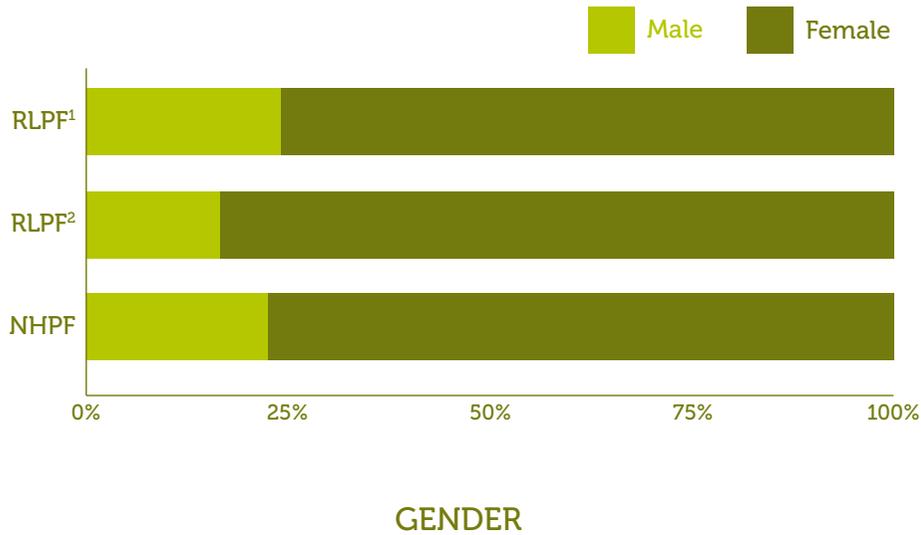
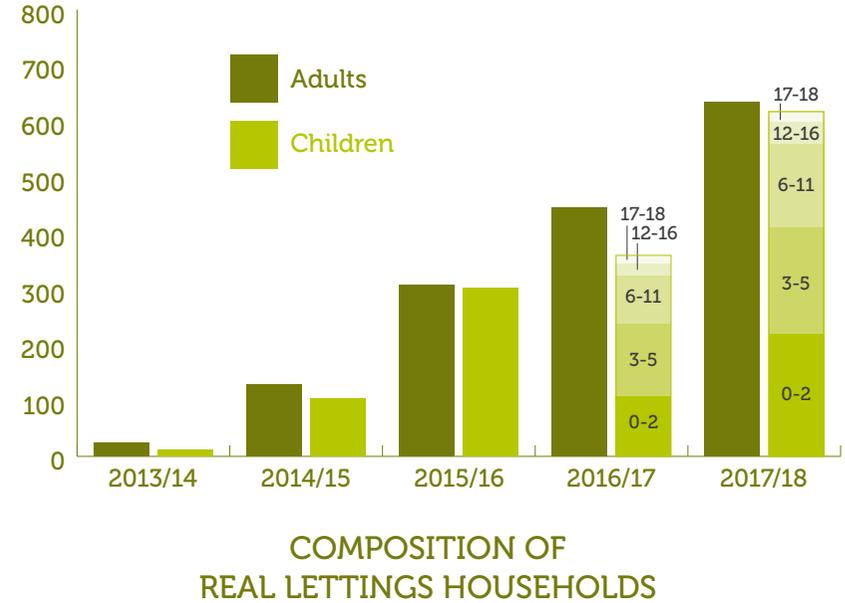
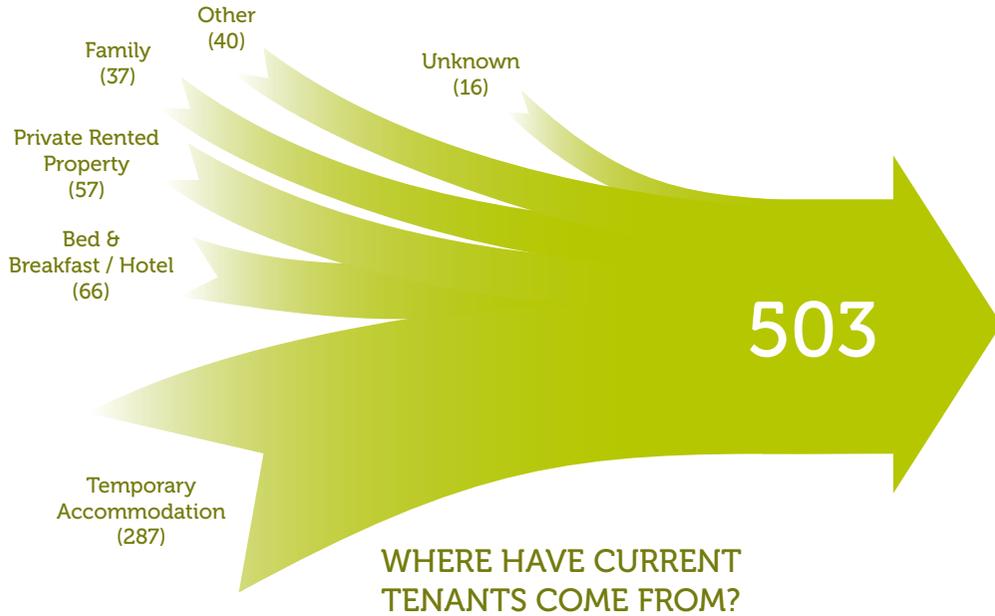
This is up from 32% last year. It is a further indication of the relative stability of RLPF<sup>1</sup>.

## 70-84%

### Female lead tenants by geography

Women continue to be the main lead tenants for just over three quarters of the Funds' homes. A female is lead tenant for 78% of the properties across all three Funds, ranging from 84% of RLPF<sup>2</sup> properties to 70% in Milton Keynes.

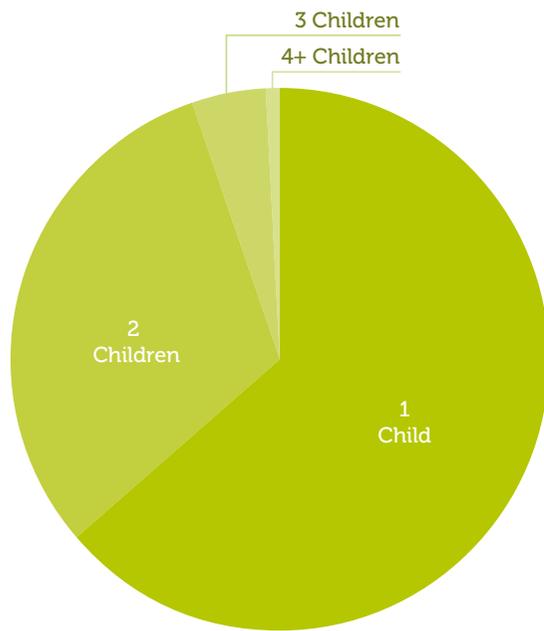
# Who is housed? An overview



## COMPOSITION OF REAL LETTINGS HOUSEHOLDS

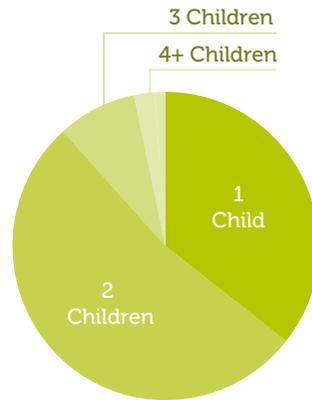
Single with children

311



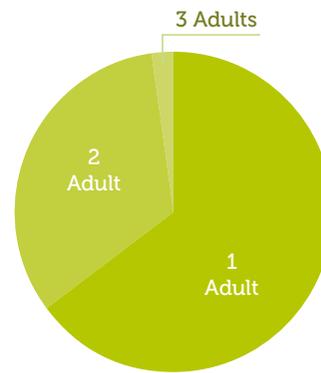
Couples with children

95



No children

97



# Improving housing opportunities

## What is this impact area about?

Whilst a Real Lettings home directly improves the housing circumstances of all the people who access them compared to their previous accommodation, Real Lettings seeks to improve tenants' housing opportunities further, so that they can eventually move on from Real Lettings. This is practical in nature, particularly in terms of paying rent on time, saving for a deposit, and understanding what housing choices are available to them, including how the private rented sector works.

Real Lettings also wants to see that residents

- have long term goals
- are planning ahead
- increasingly feel and show readiness to move on

This is embedded in Real Lettings' approach. From the outset, Real Lettings is clear and consistent in its message about the property being a two or three year tenancy, rather than a longer term one. There are clauses in the tenancy contracts that require residents to engage with Real Lettings, although this is not something that has needed to be enforced to date. At each biannual tenancy review, Real Lettings discusses the tenant's plans for the future, including moving on and saving for a deposit, as well as employment.

*N.B. Figures shown in the headlines and text are changes in percentage points between 2016/17 and 2017/18.*



## NHPF tenants with savings accounts



NHPF tenants experienced the greatest rise in the numbers with savings accounts since last year, reaching 32%. In RLPF<sup>1</sup>, 40% of tenants now have savings accounts, a significant rise of four percentage points. These are both higher than the most recent arrivals in London, into RLPF<sup>2</sup>, where 25% of tenants have savings accounts. It is encouraging that **where tenants have been in place for longer, they are more likely to be saving**. The stability of a Real Lettings home and the encouragement of staff are likely to be the main factors here. Similarly, more tenants have plans to save, even if they are not doing so yet. **Those with no plans to save fell by 20% in both RLPF<sup>1</sup> and NHPF**. Real Lettings staff have been focusing more on savings messages this year and NHPF staff have been actively supporting tenants to access local credit unions.

The challenge is that, with low household incomes, many households are still not saving and those that do are likely to be saving only small amounts. The time taken to build up an adequate deposit will be correspondingly longer. Real Lettings has been considering other options to support this important aspect of moving on. Unfortunately, existing tenancy deposit guarantor and insurance schemes tend to disqualify Real Lettings tenants, because their income comes from benefits and/or they do not have a suitable guarantor. An alternative solution will be actively pursued by St Mungo's and Resonance in the year ahead.

**Key:** The following symbols are used to indicate the significance of paragraphs or sections later in the report.



**Achievements and progress.**



**Discussion point.** Something has changed and typically there is more than one plausible explanation.



**Area of concern.** Requires attention.



## Tenants reporting they are in rent arrears



There has been a sharp increase in tenants saying they are in rent arrears: this year, the total is 30%, up from 15% last year. This level is highest for RLPF<sup>2</sup> (34%), followed by NHPF (30%, up from 25%) and then RLPF<sup>1</sup> (29% up from 12%). This is concerning as high rent arrears is the main reason for negative move-ons, as they can, in certain controlled circumstances, lead to eviction.

Comparing this to actual rent data shows that actual arrears have increased too, but not to the same extent. Across all three funds, the percentage of tenants in rent arrears has risen from an average of 33% in the first quarter of the year to 42% in quarter four. This is an increase of a quarter, significant but much less than the doubling in self-reporting. **The explanation for the difference between the increase in actual compared to self-reported rent arrears, is likely to be more proactive work on the part of the rents team at St Mungo's. People are likely to be more aware of their arrears because there has been more contact about this topic.**

The change could be understood as a correction, where people's awareness of their rent arrears has become more accurate. Given that tenants' future landlords are likely to be less supportive than Real Lettings, this increase in awareness is not wholly negative. However, the actual increase in rent arrears remains concerning. Interestingly, the comparison between self-reported rent arrears and actual rent arrears suggests that people are quite accurate and honest in their responses.

A small number of tenants (15 out of 457, i.e. 3%) report that they are in arrears on both paying bills on time and arrears. The Real Lettings team are reviewing this small cohort and identifying interventions, as the data suggests that they are in financial distress and may be at risk of tenancy failure.

### How might policy changes affect arrears?

**The increase in actual arrears is probably due to a mixture of (1) delays in paying local housing allowance, (2) the introduction of universal credit and (3) the benefit cap.**

Based on past experience, rent arrears when tenants move in are to be expected as it takes time for benefits payments to be arranged and come through, and delays are normal. That RLPF<sup>2</sup> has the highest level of reported arrears is not surprising as most households moved in during this financial year. However, arrears have also risen across NHPF and RLPF<sup>1</sup>, where there are fewer new tenants moving in. New tenancies and delays are a cause but cannot be the only one.

There has been some movement from Local Housing Allowance to Universal Credit. 8% of tenants report receiving Universal Credit, a figure which is likely to be under-reported and will continue to rise in line with the national roll out. Universal Credit issues take longer to resolve than with normal housing benefit, so lead to increased arrears.

The benefits cap also seems likely to be a contributory factor: it can apply to people on housing benefit and Universal Credit. In November 2016, the London cap for couples, single parents and families fell from £26,000 to £23,000 per year, regardless of the number of children. This was also the time when the national cap of £20,000 came in for the same groups. This will have had some effects on last year's figures in RLPF<sup>1</sup> and NHPF, because it came in roughly halfway through the financial year. However, it has been in effect for the whole of this year of reporting, so one would expect its effect to be greater. The partners will be undertaking more modelling and identifying and implementing corresponding actions in the year ahead.



## Percentage of RLPF<sup>1</sup> tenants that say they have plans after Real Lettings



**Real Lettings staff are increasingly encouraging tenants to explain how they propose to achieve their move-on plans when conducting tenant surveys.** This might include being specific not just about where they would like to be, but how they will afford it, how advanced they are in the process of finding something suitable, and having reasonable expectations based on the wider housing situation and their own personal circumstances. There are no other apparent reasons for this decrease apart from the messaging from Real Lettings, so this change seems to be a response to the desire for increased specificity. The percentage of residents that do have plans, using the new, more stringent bar, is 40% for RLPF<sup>1</sup>. Whilst there are multiple barriers to move-on, it is encouraging that two fifths of tenants seem to have well-considered plans for moving on.

**50% of RLPF<sup>1</sup> tenants say they know how long they have left in their tenancy but have not made plans for move-on.** Other evidence in this report and previous ones suggests that Real Lettings residents go through phases, as they settle in and then become more rooted in a home and neighbourhood. It may be that part of what we are seeing is a wave of people who are beginning to think more about their next steps. By comparison, RLPF<sup>2</sup> tenants are less likely to have plans after Real Lettings and are less likely to be aware of how much time they have left in the property, since they are in the early days of their tenancies.

Tenants in NHPF are marginally (1%) more likely to have plans after Real Lettings, although it is hard to say whether they are genuinely more likely, or if the messaging has been softer, or if there are other external factors, such as slightly more affordable housing out of London. They are less likely to be aware of how long they have left in the property, which may reflect some of them taking time to stabilise, which is in keeping with the observation that people take time to settle in. That the rate is higher than RLPF<sup>2</sup> adds some credibility to this.

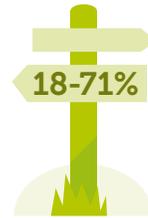


### Real Lettings tenants who agree or strongly agree that they feel positive about the future



81% of Real Lettings tenants agree or strongly agree that they feel positive about the future, up nine percentage points on last year. This is encouraging. People were most positive in Milton Keynes; although the total percentage who agree or strongly agree is similar, the percentage for strongly agreeing is roughly 50% higher than in other geographies.

More generally, the majority of Real Lettings tenants say they have goals (84%) and are working towards them (76%). Both of these numbers have increased this year (by 9 and 15 percentage points). This is true of all areas, except Bristol, which has seen decreases that have brought it into line with the average for the Funds.



### Difference in confidence in looking for another private rented property



Whereas in Oxford 71% of tenants say they feel confident in looking for another private rented sector property, only 18% do in Bristol. The NHPF average is 46%, similar to RLPF<sup>2</sup> at 47% and a bit higher than RLPF<sup>1</sup> at 40%. Recent tenants in NHPF have tended to be younger tenants and/or have not lived independently prior to Real Lettings. If more of them do not have experience of looking for a private property, this may affect their responses.

RLPF<sup>1</sup> tenants are now less likely to say they feel confident looking for another private rented sector property in the current market (40%, down from 61%). That this is lower than either RLPF<sup>2</sup> or NHPF suggests other factors at work, such as knowing what is available on the private market and recognising that it is very difficult to find something suitable. This could also fit in with Real Lettings staff in London being clearer with tenants about what it means to be confident and basing this on action and research by the tenant.



### Positive move-ons



**Positive move-ons have increased and negative ones have decreased.** Both changes are significant in scale and this is very good news for tenants and the funds this year.

NHPF has been a contributor to this positive progress: 12 out of 15 move-ons were positive, with nine of those going into private rented accommodation and four into local authority or housing association flats. Of the fifteen positive move-ons in RLPF<sup>1</sup>, seven were into private rented properties whereas eight RLPF<sup>1</sup> tenants moved into a local authority flat, suggesting that RLPF<sup>1</sup> is more reliant on social housing for positive move-ons. The London Borough of Croydon accounts for five of these eight move-ons. Although it can be argued that local authority housing is outside the control of Real Lettings, the fact that the majority are to Croydon, one of the largest sources of referrals and a major investor in the Fund, is positive in terms of the relationship between people moving in and then moving on. It is also positive for tenants, who are likely to want stable homes locally, and for the borough, as it gains tenants who are likely to have more stable lives at the same time as creating space for future referrals of homeless families.

## Progress towards employment

### What is this impact area about?

A key outcome for the Funds is progress towards employment. In measuring 'progress towards' employment, rather than a binary choice of 'employed/not employed', the Funds emphasise the significance of activities related to future employment, such as education, training and volunteering. Whilst Real Lettings is not an employment agency, the team signposts tenants towards relevant agencies and support services. Having childcare in place as well as actively seeking work are also seen as positive. This is summarised in the table below, which also matches with the categories in the chart on page 27, *Outcomes for tenants: an overview*.

Employed?	Other Progress?	Progress towards employment
Y	Y	Positive
Y	N	Positive
N	Y	Positive
N	N	Negative

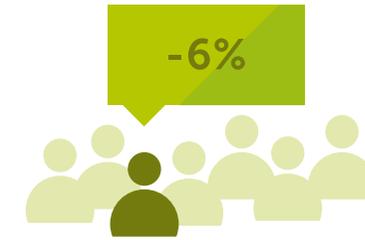
The markers of progress towards employment are as follows:

- Childcare in place (if relevant)
- Education, training, volunteering
- Actively seeking work
- Working less than 16 hours
- Working more than 16 hours
- Working more than 24 hours

This is an approximate continuum representing progress for Real Lettings tenants (although education and training could reappear at any stage, including when people are in work). This might involve increasing the amount of time worked, or simply having childcare in place where there was previously none. The aspiration is to have as many tenants as possible move towards full time employment, with the sensitivity to recognise cases where this is not feasible.

*For the first time in this report, the tenancy review includes questions about whether work is seasonal or zero hours to increase understanding of the quality of work. This was recognised as something to explore last year and data is still filtering through from this change.*

*Figures on employment are for lead tenants only. Real Lettings does not currently collect data on other adults within a household.*

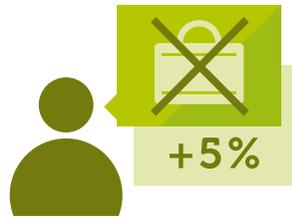


Unemployment amongst all tenants



The percentage of Real Lettings tenants who say they are unemployed has decreased by six percentage points, to 42%. Some of this may be accounted for in the 2% who are on zero hours contracts – a figure that may be expected to increase in future, given that the option has only recently been added to the options available in the tenant survey (it stands at 12% in Bristol, but 0% in Milton Keynes).

52% of RLPF<sup>2</sup> tenants are unemployed – much higher than RLPF<sup>1</sup> (41%) and NHPF (41%). This may be due to the need for time to settle in with Real Lettings and/or the increased numbers with younger children.



### Tenants not eligible for work



17% of lead tenants are not eligible for work, compared to 12% last year – perhaps accounting for some of the decrease in unemployment. This seems to be due at least in part to changes amongst existing tenants, since 18% of RLPF<sup>1</sup> tenants are not eligible to work, an increase even to the longest established fund.



### RLPF<sup>1</sup> tenants unemployed but making progress towards work



For RLPF<sup>1</sup>, the percentage of tenants who are unemployed but making progress towards work has decreased by thirteen percentage points to 26% - more than reversing the change seen in the previous year. This is divided evenly into an increase in tenants who are employed (+6.4%) and unemployed and not making progress towards work (+6.4%). Meanwhile, for NHPF there is a seven percentage point increase in those who are unemployed and not making progress towards work.

There has been a four percentage point decrease in tenants who are actively seeking work and have had a recent interview, something that is likely to be a contributing factor. The benefit cap might be expected to encourage more tenants to look for work, although it does of course need to be employment that pays enough to justify extra costs, such as transport, clothing or childcare.



### NHPF tenants confident in finding a job

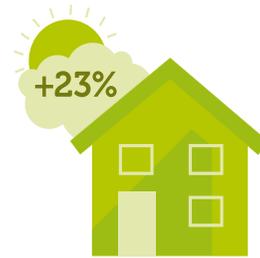


70% of NHPF tenants feel confident in finding a job (up from 57% last year). This includes those who are already employed. A possible explanation for this is that tenants have become more settled in their NHPF homes in the past year and have benefitted from the support that Real Lettings provides, increasing their capacity and confidence to think about work.

## Improving resilience against homelessness

### What is this impact area about?

Whilst managing finances and employment are key characteristics of reducing the risk of homelessness that lend themselves to quantitative analysis, another important aspect is increasing resilience against homelessness. This tends to be primarily relational such as the importance of support networks, of friends and families, and making connections in the neighbourhood. This section also looks at whether people are looking after their home. Again, these numbers are self-reported by tenants in response to questions asked by Real Lettings staff over the phone.



Percentage of NHPF tenants saying that the property has had a positive effect on their support network and relationships



**81% of all tenants say that the property has had a positive effect on their support network and relationships.** This is an increase of almost nine percentage points on last year. NHPF in particular has seen an increase from 57% to 80%. Most NHPF tenants have now been in their home for over a year, so this suggests that they have had time to integrate in the local community and the move has either been positive for other family relationships or networks of support.

This is also confirmed by increases in tenants' responses to other questions about their social connections, where NHPF shows particularly strong progress. 24% of NHPF tenants say they are friends with their neighbours, up from 11% last year. Similarly, 74% of NHPF tenants say they've had positive experiences of meeting local people, up from 41% last year. 79% of NHPF tenants say they are confident in meeting new people, up from 65%.



Tenants saying their home is in good or very good condition



Across the three funds, 96% of homes are reported as being in good or very good condition; 3% are adequate and 0.4% poor. Between tenants and property management, homes seem to be well cared for. At a recent coffee morning, tenants confirmed this, reporting that repairs were always undertaken promptly and that they feel looked after.

Fewer NHPF tenants say their house is in 'very good' condition: 68% last year fell to 49% this year. This is likely to be due to some wear and tear on newly refurbished apartments and perhaps some adjusting expectations. The drop in 'very good' has almost wholly transferred into answers indicating the house is in a 'good' condition.



+20-29%

### Tenants saying they know who to contact regarding property and benefits issues



There have been large increases varying from 20 to 29 percentage points between the funds in tenants saying they know who to contact regarding issues such as maintenance, neighbours and benefits. Real Lettings set out last year to strengthen its communications and remind longer standing tenants of this information, so it seems that this has been effective.



### Percentage of tenants saying they have set up all of their utilities



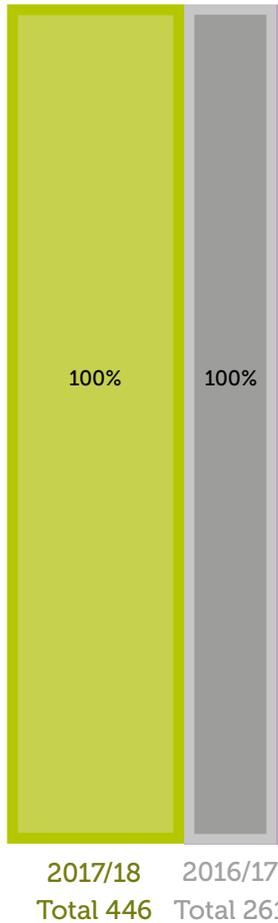
98% of tenants report that they have set up all of their utilities, up from 80% last year. The 2016/17 figure was lower than previously and the reasons for this were unclear. One possibility was that people had forgotten some utilities, in which case this would appear to have been resolved.



# Outcomes for tenants: an overview

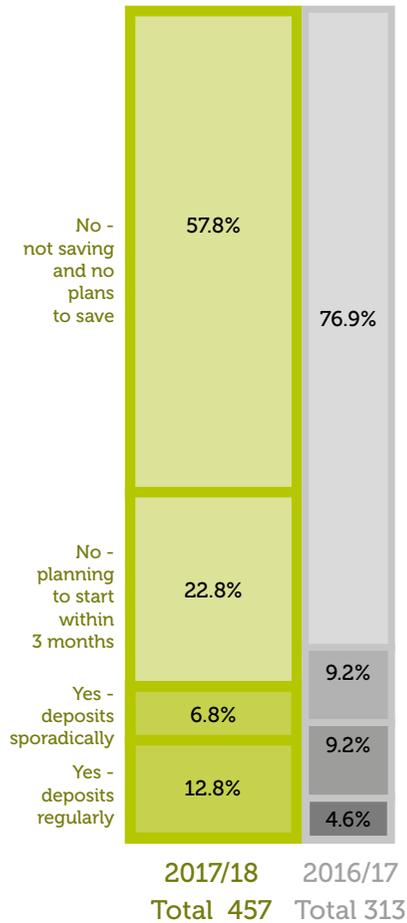
## IMPROVING HOUSING OPPORTUNITIES

Tenants sustain their tenancies for more than six months

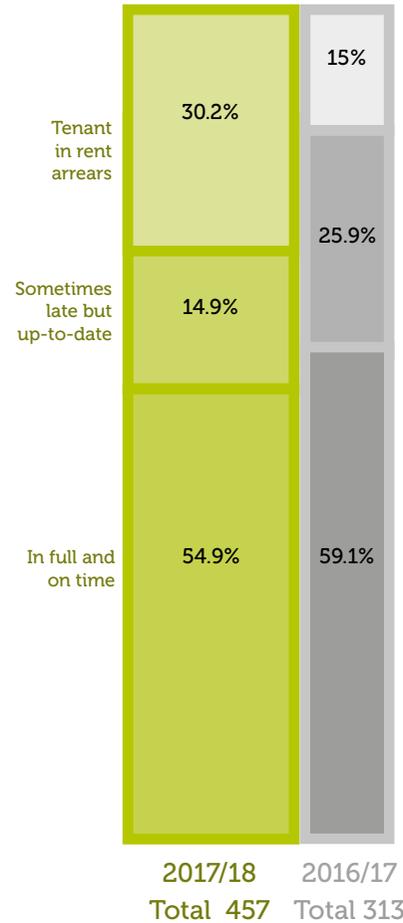


Tenants save for a deposit so they can move from Real Lettings into the private market

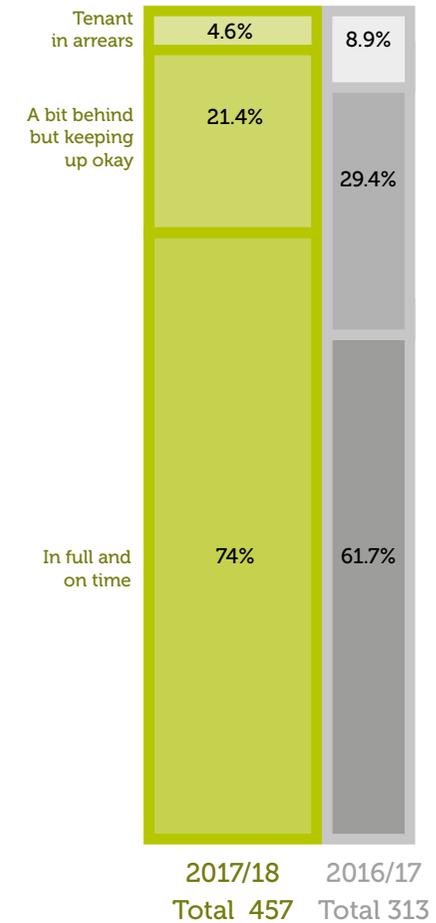
This measure is for tenants who have been in their property for more than six months



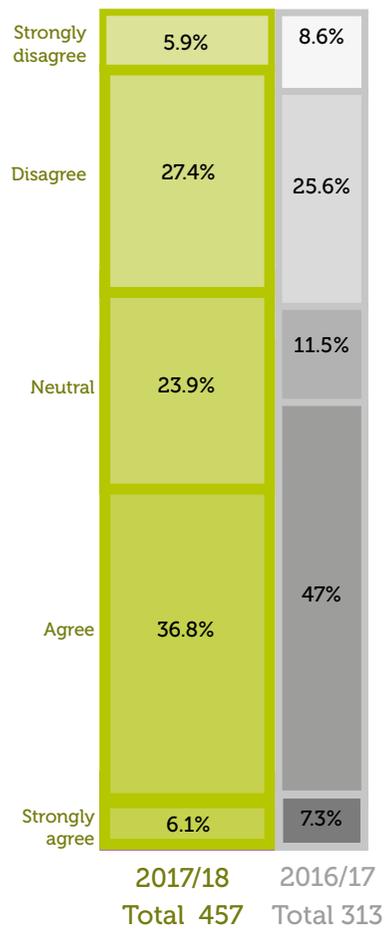
Tenants are paying their rent on time



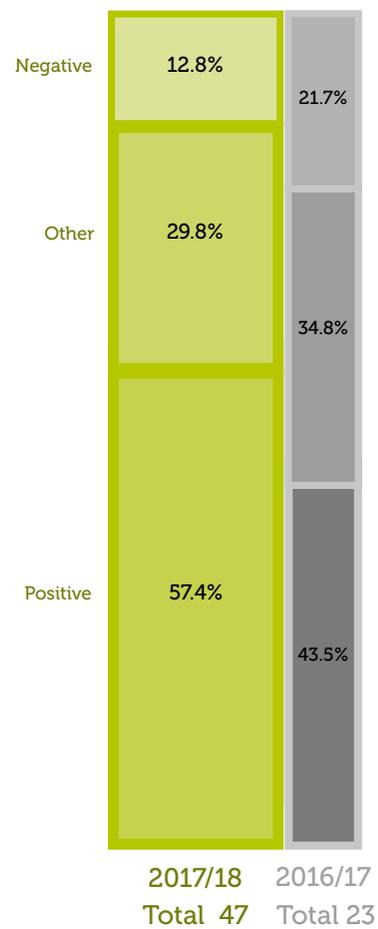
Tenants are paying their bills on time



### Tenants are confident in looking for a PRS property



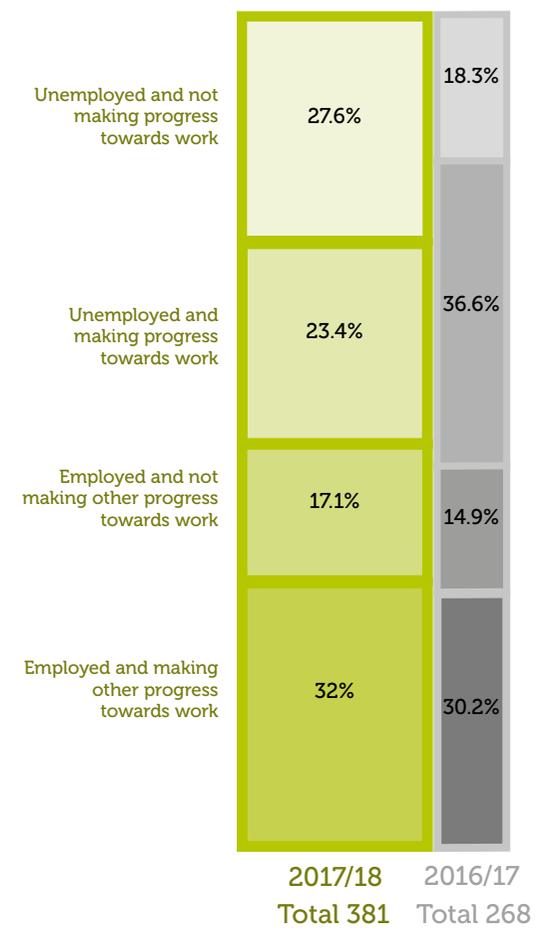
### Tenants move on from Real Lettings



### PROGRESS TOWARD EMPLOYMENT

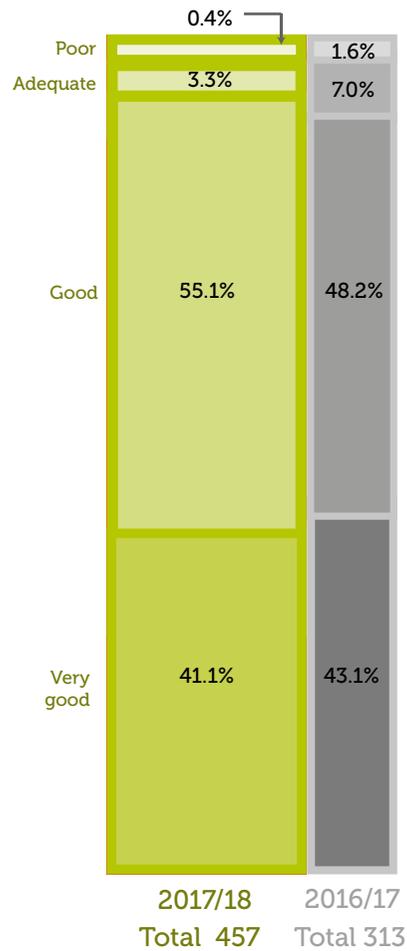
#### Tenants progress towards work

(see page 22)

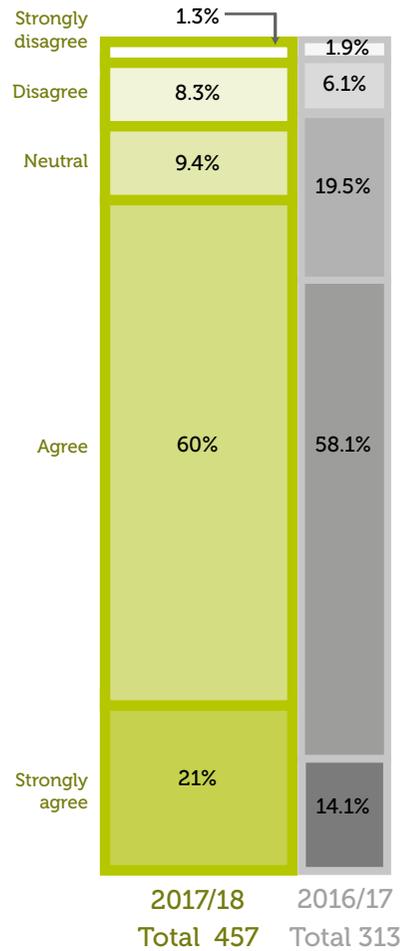


## IMPROVING RESILIENCE AGAINST HOMELESSNESS

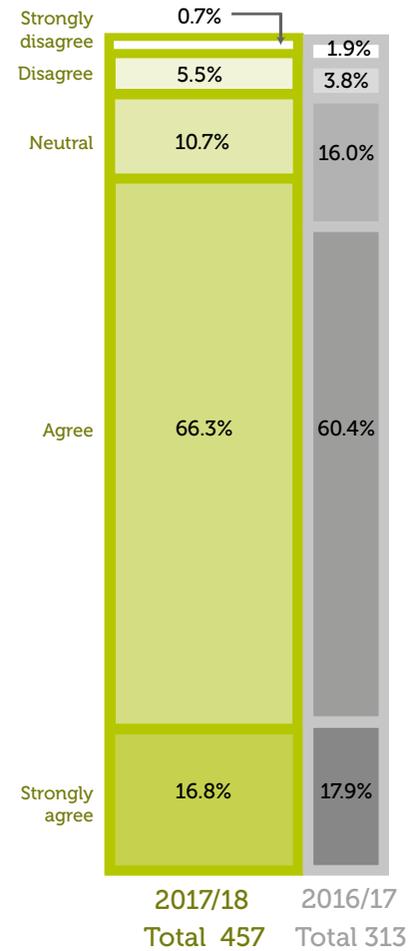
Home is kept in good condition



Tenants say the property has had a positive impact on their support networks and relationships



Tenants feel confident in meeting new people in the local area





## Where next?

Resonance and Real Lettings are committed to using this report to further improve the Funds' impact. Following discussions between the partners, they have adopted the following areas to work on in the year ahead:

- **Develop a tenancy deposit scheme that is accessible to Real Lettings tenants who want to move on.** Research into existing schemes has confirmed that most Real Lettings households are not eligible for them. In order to solve the significant problem of deposits that are unaffordable, the partners will work together, potentially with investors as well as other local authorities or foundations, to design and fund a solution that is affordable to people moving on from Real Lettings and which is acceptable to landlords in the private rental sector.
- **Gain at least one specialist housing procurement and move-on officer with a focus on Real Lettings tenants.** This person would most likely be developing the partnerships, options, plans and templates that other Real Lettings staff can use. The overall intention is to increase the range of possibilities and their suitability for current tenants. This is complementary to work already underway in St Mungo's, although it is important to ensure that Real Lettings has sufficient priority and appropriate options for tenants, which are likely to be different in some cases to the needs of other people using St Mungo's services.
- **Create a tool that helps people think through and make decisions about their next move.** This builds on the good practice already within Real Lettings and could combine it with insights from coaching and psychology. The aim is to help balance criteria such as place, cost, property characteristics and quality of life, in a way that is realistic and reveals options that people may not have adequately considered. The work required is likely to be a mix of training and tool design, which can then be tested and improved based on experience. Whilst it might need to be used by staff, a more stretching goal is to create something that is self-facilitated, so people could use it on their own. Again, the partners commit to identifying the resources to create and test a tool.
- **Analyse contributory factors towards increases in rent arrears, including the roll-out of universal credit and the benefits cap.** If the transition to universal credit is indeed behind the increase in rent arrears, Real Lettings will continue to develop its strategy to deal with this as coverage increases.

# Appendices

## a) Social impact framework

Resonance and St Mungo's recognise the importance of assessing impact, and share a commitment to building this into the running of the Funds. St Mungo's has its own rolling programme of audits to check its data and operations. However, both organisations wanted a shared understanding of impact specifically in terms of the Funds.

### Developing the framework

Resonance uses a tool called the Transformational Index to develop the impact measurement framework for its key impact investment initiatives. Developed by an independent charity, it is a structured process that helps organisations articulate what "good" looks like, describing the transformation they hope to see as a prelude to measuring it. At a very early stage in the development of RLPP<sup>1</sup>, Resonance ran a workshop using the Transformational Index with Real Lettings. This established a framework based on the underlying change values of Real Lettings. The same framework now also underpins social impact measurement for NHPF and RLPP<sup>2</sup>.

### Using the framework

The experience of the partners was that it was valuable to have a framework grounded in the motivations behind the project. The "how" of measurement also had to adapt as the project grew and new systems and processes were developed in response to this. The framework has therefore undergone several iterations. It includes information from multiple sources, including the property portfolio, the tenancy system and the tenancy review tool.

### Sampling and the tenancy review tool

The tenancy review tool was developed by St Mungo's in response to the framework agreed between the partners. It is a questionnaire that is updated during phone calls with tenants. Staff contact tenants by phone, leaving messages, and also use letters to remind people. Tenants are contacted every six months. The information is held on the client monitoring system.

The three impact areas are structured as follows:

- a) **Improving housing options** – nine questions covering savings, goals and outlook, and readiness to move on
- b) **Progressing towards work** – nine questions covering steps towards and into work and engagement levels
- c) **Improving resilience against homelessness** – seventeen questions about managing their finances, looking after their home, having the know-how to do so, and social networks and integration

Questions cover tenants' self-declared circumstances (e.g. paying bills, working etc.) and their perceptions or confidence related to the different impact areas.

The sample for 2017/18 is very good: tenancy reviews were available for 457 out of a possible 503 (the total number of households as at year end). This is therefore a 91% response rate. While this is lower than the previous year, this is due to many new tenants joining NHPF and RLPP<sup>2</sup> and not being due a tenancy review yet. The sample is more or less random, based simply on who picked up the phone, and includes tenants who have been in Real Lettings properties for different durations. This is therefore a good source in terms of its reach and likely accuracy.

## b) Preserving social impact

All three property funds were launched with a seven-year term. RLPF<sup>1</sup> has now been extended by two years, from seven years to nine. For all three Funds, it is important to consider how the social impact of investments can be extended beyond this investment period.

Each Fund will hold each property for at least five years (the length of the standard lease with St Mungo's) and review its options after that period, which may include:

- extension of some leases, by mutual consent of St Mungo's
- extension of the Fund's life (by up to two further one-year periods), by decision of the investors
- phased sale of properties over the last two years of the Fund (including potentially to tenants)
- portfolio sale of properties to a follow-on fund
- portfolio sale of properties to an institutional investor with a social housing focus
- as above, but with a breaking up of the portfolio into smaller parcels and subsequent sale to social housing or other socially focused landlords

In all cases, the availability of the properties to the target tenant group over a predictable period of up to five years will have achieved the primary social impact goal of the Funds. That is, by providing a strong incentive for tenants to move into the private rented sector and build greater housing options, progress towards employment and improve resilience against homelessness.

If the need for move-on accommodation of this kind remains or increases over the life of the Funds, there will be a strong rationale for the portfolio to be sold into a follow-on fund to address this need. Resonance is already actively working on these future solutions, with significant progress towards that goal made in 2017/18.

## c) The Sustainable Development Goals

The United Nation's Sustainable Development Goals (SDGs)<sup>3</sup>, also known as the Global Goals, are a set of goals adopted by the international community in September 2015 to end poverty, protect the planet and ensure prosperity for all. One way that they differ from their predecessors, the Millennium Development Goals, is their universality; they call for action in all countries, whether rich or poor. Real Lettings contributes to the SDGs in several ways. Its primary contribution is to Goal 11, "To make cities and human settlements inclusive, safe, resilient and sustainable", in particular Target 11.1, which commits to ensuring access to adequate, safe and affordable housing for all.

Real Lettings also makes a secondary contribution to:

- Goal 1: End poverty in all its forms everywhere
- Goal 3: Ensure healthy lives and promote well-being for all at all ages
- Goal 4: Ensure inclusive and quality education for all and promote lifelong learning
- Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 10: Reduce inequality within and among countries

<sup>3</sup> <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>



## d) About Resonance

Resonance is a social impact investment company with sixteen years' experience of working closely with social enterprises throughout the UK. It helps social enterprises prepare for and raise capital from investors who value both their impact ambition and their business model. Based on this knowledge, Resonance also creates and manages impact investment funds focused on specific social issues across a range of sectors. It has particular expertise in property, community-led projects, homelessness, education and social care and works closely with investors whose values and ethics closely align with these sectors.

Resonance also manages other funds, which have their own social impact reports:

- the **Bristol Social Investment Tax Relief (SITR) Fund** and the **West Midlands SITR Fund**, which make unsecured loans to growing social enterprises in these regions. The latest Bristol Social Impact Report can be found on Resonance's website\*. There are plans to roll out similar funds to additional regions shortly
- the **Health & Wellbeing Challenge Fund** in the South West
- two debt funds lending to community-led organisations to develop assets that serve local need. The **Community Land & Finance Social Impact Report**, which reports on the community assets funds, will be available in Autumn 2018

With offices in London, Manchester, Bristol, Birmingham and Launceston and a core team of 35, with additional associates contributing skills to specific projects and investment committee members with diverse backgrounds, Resonance is helping to build the market for social investment in practice.

\*<http://resonance.ltd.uk/resonance-bristol-sitr-fund-social-impact-report-2018/>

## e) About St Mungo's

St Mungo's provides a bed and support to more than 2,700 people each night, who are either homeless or at risk of homelessness.

They support men and women through more than 250 projects including emergency, hostel and supportive housing projects, advice services and specialist physical and mental health, skills and work services.

St Mungo's works across the south and south west, delivering services locally and campaigning nationally to end homelessness and help people rebuild their lives. St Mungo's vision is that everyone has a place to call home and can fulfil their hopes and ambitions.

If you have any questions about this report,  
or if you are an investor or social enterprise  
interested in the Funds, please contact  
Resonance using the contact details below:

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Report prepared independently by Jamie Pett  
and Andy Schofield for the TI Group  
[www.thetransformationalindex.org](http://www.thetransformationalindex.org)

