



propertyfund

Social Impact Report
Second year (2014/15)



Scaling up solutions to homelessness





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Summary

The Real Lettings Property Fund (RLPF or the Fund) is a property investment fund designed for a social purpose: to help people at risk of homelessness to become more independent, linking stable housing to positive development in other parts of life. Run by social investment company Resonance in partnership with homelessness charity St Mungo's Broadway, RLPF is now reporting on the social impact of its second year of operations in 2014/2015.

98%

TENANTS SUSTAIN THEIR TENANCIES FOR MORE THAN SIX MONTHS

39%

TENANTS IN EMPLOYMENT, 25% IN TRAINING/ EDUCATION, 25% ACTIVELY LOOKING FOR WORK

100%

HOMES ARE KEPT IN ADEQUATE OR BETTER CONDITION

87%

TENANTS SAY THE PROPERTY HAS HAD A POSITIVE IMPACT ON THEIR SUPPORT NETWORKS AND RELATIONSHIPS

*Tenancy sustainment as at 31/3/2015; other data based on sample of 107 responses from tenancy reviews, with impact on networks and relationships measured at or beyond 6 months in tenancy.

Vanessa



Vanessa, 22, has been living in her Real Lettings property for seven months with her baby daughter. She left her mother's home after overcrowded conditions contributed to strained relationships in the household. Although her Romford flat is quite far from her family in south London, their relationships have improved greatly and she visits her mum regularly. She is feeling settled and happy now that she has somewhere stable to raise her child.

Tallulah



Tallulah found herself in temporary accommodation provided by the local authority after a private landlord evicted her and her son. Real Lettings provided not only a stable home, but also the support to find childcare for her four year old, get training and prepare for setting up her own business. "My home now is perfect for a lone parent. It's probably the best privately rented home I've ever had and it's the perfect space for me to think about going back to work and starting again."

Sharon



Sharon and her teenage son were evicted from their private rented flat by a landlord who ignored Environmental Health and refused to fix long-term serious problems, which were affecting their health. The family moved from B&B accommodation to a Real Lettings flat in Woolwich. Both were pleased about a much better quality property, which gave them stability whilst Sharon's son was in his final year of his GCSEs. Despite concerns over the distance he had to travel to his school in west London, he passed all his exams and won a football scholarship for college. Sharon said: "I didn't know what we were coming to... I had no friends or family here and it was a completely new thing to me... but I loved it."

High level conclusions at this stage are:

- The need for transition housing is greater than at the start of the Fund (in early 2013) due to an increase in the number of those at risk of homelessness. When combined with decreasing ability for local authorities in London to meet existing housing needs, the case for innovative social investment solutions is even more compelling. The Real Lettings Property Fund is evidence that well-structured social investment with good social enterprise partners can be an effective intervention with tangible social benefits, validating the original logic of the Fund.
- During the second year, the size of the Fund has grown dramatically, enabling the purchase of more properties and the housing of more tenants. Financial metrics have continued to meet expectations, even within tightening property markets. Regarding social impact, the Fund has moved from a pilot phase into quick growth, extending the benefits of high quality, affordable transition housing to 112 households, accommodating 233 adults and children in total.
- There have been significant changes in the mix of tenants, with increases in the number and proportions of children and young adults, thereby enabling secure accommodation for some of the most vulnerable. There has also been a significant increase in the number of single parents. The proportion of those in work is lower, whilst the proportion of those in education or training is greater. This indicates a financial situation for households

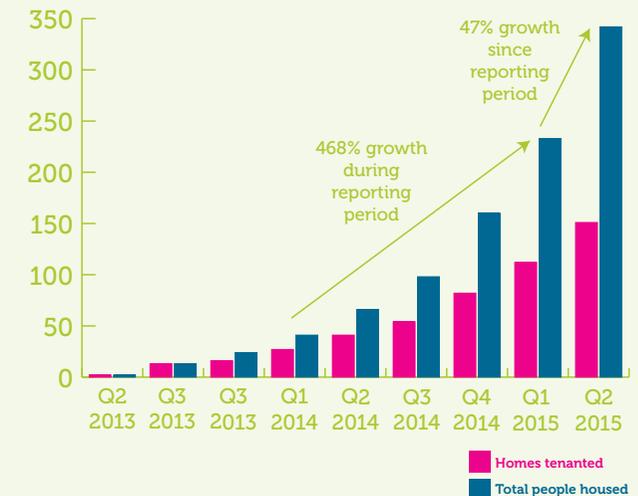
that makes some of the original social impact indicators of the Fund (e.g. saving for a deposit) more challenging in the short term. As a result, not all of these metrics have improved in percentage terms at this stage of the Fund's growth. However, as intended, these metrics provide key information allowing Real Lettings to adapt its intervention to address emerging issues in the next phase of the Fund's operation.

- It has proven possible to deliver both financial objectives and sufficient quantities of the right properties for tenants. However, there are still a number of important questions raised for the future development of the Fund's impact. To what extent does housing tenants in different areas of London from their previous location reduce or increase resilience against homelessness? With an increasingly problematic private rental sector, to what extent does a positive move-on from Real Lettings necessarily look like private rental accommodation? This report serves as an introduction to the complexity of these ongoing social impacts. Resonance and St Mungo's Broadway will be doing more work on these as the Fund moves into a period of consolidation in the coming year.
- Although RLPF is still at a relatively early stage in the cycle of an impact fund, it has been encouraging to see the wider impact it has begun to have in publicising the issues of access to private rented accommodation for vulnerable people. An example of this was the Fund winning the Property Week "Newcomer

of the Year 2015" award, showing that impact investment can attract the interest of the mainstream property sector. A further example is the initiative Resonance and St Mungo's Broadway are now taking to launch a follow-on fund addressing similar issues in homelessness outside London, based heavily on the initial success of RLPF.

In conclusion, the Fund is showing tangible evidence of benefitting tenants. The Fund is making a difference in its three key social outcome areas: improving housing opportunities, progressing towards employment, and increasing resilience against homelessness.

A Year Of Significant Tenancy Growth



What is the Real Lettings Property Fund?

The Real Lettings Property Fund (RLPF) is a social impact investment fund, designed to provide both a commercial return to investors as well as achieve significant social impact in the area of homelessness. This second annual Social Impact Report provides an assessment, for both its investors and other interested parties, of RLPF's social impact so far on the lives of those it seeks to help.

RLPF was developed by social investment company Resonance and homelessness charity St Mungo's Broadway in response to a growing failure in the rental housing market resulting in rising numbers of people at risk of being homeless in London. It is a residential property fund which acquires one and two bedroom flats across Greater London, leasing them to St Mungo's Broadway to make available (through its social lettings agency, Real Lettings) to homeless families and individuals who are ready for independent living but struggle to access private rented accommodation.

This is designed to break down a major barrier for many who are on the journey from homelessness to rebuilding their lives. As a social enterprise within a homelessness charity, Real Lettings has the information and experience necessary to assess which tenants are ready for this step, and to provide transitional help and ongoing "light touch" support and monitoring, giving tenants a sense of responsibility for their home and leading to extremely high success rates for tenancies.

The benefits to tenants are measured in terms of improving their housing options (including eventually moving on to other stable accommodation), achieving progress towards work, and developing greater resilience against reverting to homelessness. Each of these impact areas is explored further in this report.

In addition to these direct impacts, the work of Real Lettings, supported by properties from the RLPF, is indirectly contributing to freeing up specialist hostel places for the rising number of rough sleepers on London's streets and reducing the number of families placed into expensive and often unsuitable temporary and emergency accommodation. In 2014, London local authorities housed 45,810 households in temporary accommodation. This was an increase of 8% on 2013 and cost London local authorities £393m at an average of almost £8,600 per household. Correspondingly the cost of emergency accommodation, most commonly bed and breakfast, cost local authorities in London £73m in 2014.

The Fund was launched in February 2013 with initial investment from L&Q Foundation, Big Society Capital, Esmée Fairbairn Foundation, Lankelly Chase Foundation and the City of London (through City Bridge Trust), and has subsequently received additional investment from the London Borough of Croydon, Trust for London, Panahpur and individual high net worth investors. Investors receive both rental

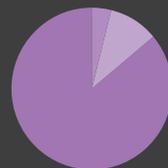
yield on the properties and the potential for capital appreciation over the life of the fund, and the charity guarantees rents and maintenance of the property. In this way, investors receive a commercial risk-adjusted return on their investment and a clear social impact, whilst the charity manages the risks that it is best placed to take.

LOCATION OF RLPF PROPERTIES

As of 31st March 2015



FROM PROPERTIES TO PEOPLE



9 STUDIOS (4%)
 23 ONE BEDS (10%)
 202 TWO BEDS (86%)

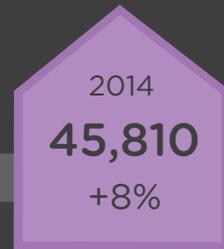
HOMELESSNESS IS A GROWING PROBLEM



People sleeping rough in London

Source: CHAIN annual figure

AND IT'S NOT JUST PEOPLE ON THE STREETS

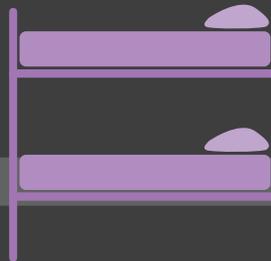


Households in temporary accommodation

Temporary accommodation, including in bed and breakfasts, is expensive and often unsuitable.

Source: Statutory Homeless Figures

STAY IN A HOSTEL?



Hostels are in short supply and do not offer a long term solution.

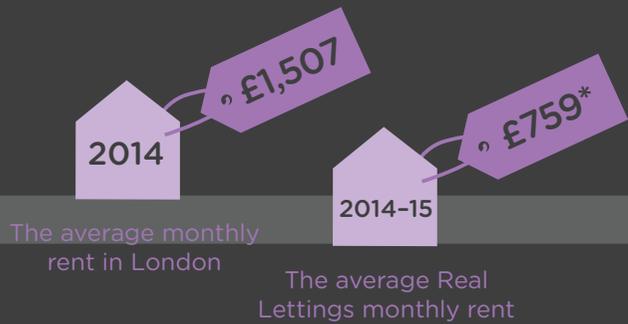
WHAT ABOUT SOCIAL HOUSING?



Households on council housing waiting lists

Demand for social housing far exceeds its availability; some Real Lettings tenants are not eligible, whilst others would have to wait many years to gain a home.

RENT IN LONDON?

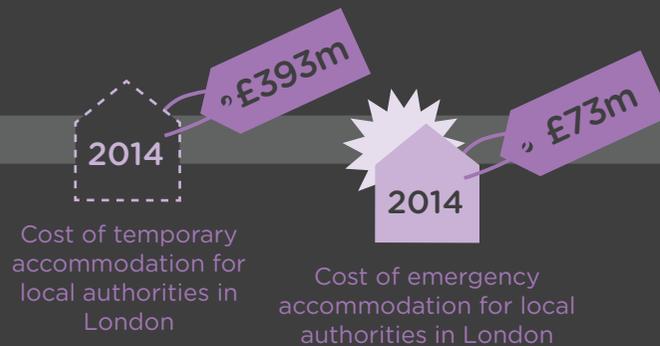


8.5 people apply to every property available to rent compared to 5.3 one year ago

Despite the high costs of living in London, Real Lettings is managing to house people stably within these financial constraints.

*Based on LHA

WAITING IN LONDON?



REAL LETTINGS PROPERTY FUND



The RLPF provides a portfolio to go with Real Lettings tried and tested model, more effectively than Real Lettings could do if it sought properties from individual landlords.

How is RLPF making a difference?

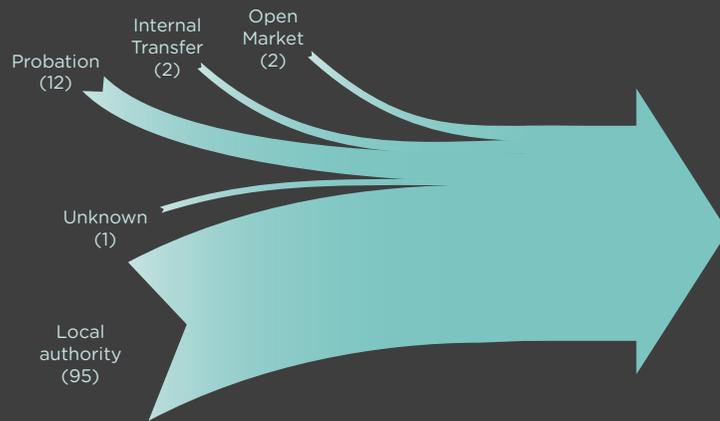
At its simplest, Real Lettings achieves impact by moving homeless people into properties, supporting them as they make the transition, and then seeing them move on to other stable homes. By providing the right properties to Real Lettings, RLPF seeks to have a positive impact on the lives of individuals in three key areas:

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

Measures for assessing progress in each of these areas were developed jointly by Resonance and St Mungo's Broadway/Real Lettings from an early stage, based on the underlying change values motivating the project, and have been the subject of ongoing discussions between the partners since then. These three areas are considered in the rest of this report, following the section on who RLPF houses, which sets the context. Understanding who is supported by RLPF is important to understanding its impact, because it demonstrates why they needed access and support.

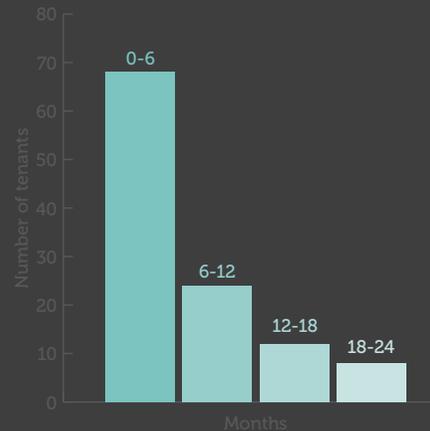


Who is housed?



WHERE ARE PEOPLE FROM?

By household, not individuals



HOW LONG HAVE THEY BEEN IN AN RLPH HOUSEHOLD?

By household, not individuals

Description and explanation

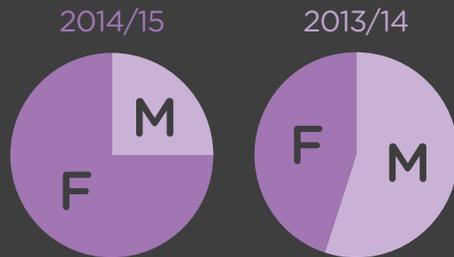
Many more people are being housed

The actual numbers of residents, both adults and children, have increased substantially. With a total of 197 new people coming into RLPH, from 36 to a new total of 233 this represents six-fold growth. For each new household, Real Lettings has to deal with the paperwork and meet new tenants in person, for a property induction and to complete the property registration, then often provide additional support at the start of the tenancy whilst people settle in and get their finances in order. This is a relatively intensive process, hence it translates into a higher work load for the Real Lettings team. It is a major achievement to get these tenancies started and people moved in. The rate is likely to be similar for the remainder of 2015, as more properties are purchased and tenants move in. Plans for the year ahead therefore need to take account of, and plan for, these volumes.

The majority of people were housed by local authorities prior to getting an RLPH property

This is broadly similar to the preceding year (2013/14). However, the earlier data included more disaggregation of types of housing for which the local authority was responsible, with a breakdown by B&Bs and care. Anecdotally, the proportion coming from temporary accommodation in B&Bs is high. Some people have also come from overcrowded general needs social housing, although they may have come via B&Bs as an interim measure. The next main group previously was people from probation approved accommodation (11%), a similar proportion to the first year. Two households came from the open market, also similar to 2013/14, due to landlords selling the properties and serving notice. Internal transfers within Real Lettings (i.e. someone moving to a different property) did not happen before but are a small percentage this year. The main changes year to year are, firstly, that no-one came from a hostel in the second year, whereas this was a small but significant proportion in year 1 and, secondly, people previously housed by local authorities account for a larger proportion. All people coming to Real Lettings are referred by a local authority, based on agreed eligibility and guidelines, although they may have been housed in different ways prior to this.

WHO ARE THEY?

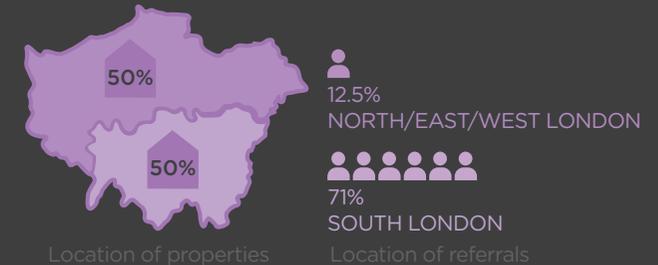


GENDER



In some cases, there are more than one adult per property

AGE



WHERE TENANTS WERE REFERRED FROM

NB: the percentages are based on total referrals, including those not from London boroughs, hence numbers do not total 100%

Changing demographics amongst Real Lettings tenants

There has been a significant shift in the demographics of those becoming tenants of Real Lettings properties. There has been a change in the gender balance from a small majority of males to three quarters of tenants being female. Correspondingly, there has been a large increase in the ratio of children to adults; the largest increase has been in the number of young adults, which has seen a seven fold increase. The overlap between these shifts is an increase in the number of young, often single, parents. This is reflected in benefits data, which shows that over two thirds of households are claiming child benefit. There are a number of drivers for the increase in families with children. One is that households with children are particularly unsuited to being housed in temporary accommodation, often B&Bs; another is that, where families are not overcrowded in temporary accommodation, the greater space that they require leads to a greater cost for the local authority, so they have an incentive to house them faster. Legislation mandates that families can only be housed in a B&B in an emergency and for a maximum of six weeks.

Key points

- Many more people are being housed - families with children now form the majority of households being helped by Real Lettings and the Fund.
- A small number of tenants are reaching, or are close to, the two year point identified as the likely stage for move on. It is positive that they have sustained their tenancies, although this also indicates that now is the time to make sure that they are equipped for the next steps.
- Some tenants have, by necessity, been housed some distance from where they used to live. The effect on the individual will necessarily vary depending on context.

Vanessa



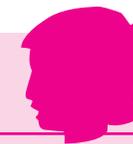
Vanessa was living in the family home with her daughter, mum, brother and sister. It was overcrowded and the cramped living conditions meant that relations became very stressed between her and her mum. She went to stay with friends but this was not a suitable solution for her and her daughter. She then approached the council who referred her to Real Lettings.

Tallulah



Tallulah was evicted from her privately rented home in Croydon and then housed with her four-year-old son in a single room, a temporary accommodation flat. "It was just a single room and my son is an energetic boy – it just wasn't suitable for us and I knew we couldn't continue living like this," she said. Tallulah had not been out of work before the birth of her son and had never expected to be in the position of being homeless.

Sharon



Sharon and her teenage son were living in a deteriorating private rented flat in Sudbury. It was in a poor state of repair, with extensive mould. The poor conditions were affecting the physical and mental wellbeing of the family. It also had social implications: her teenage son felt unable to bring friends home and it was a poor environment to study in. Despite numerous attempts to improve conditions in her property, including visits from Environmental Health, the landlord refused to correct the issues. The family was evicted in October 2013 after further disagreements with the landlord.

Progress

Families with young children feel the effects of homelessness most acutely. The Real Lettings Property Fund has been able to house an increasing number and proportion of families, often with young single mothers, adapting its strategy to meet this evident need. These families are removed from emergency accommodation, which is by its nature insecure and is often crowded and inadequate, particularly for the needs of families. RLPF's provision of high quality stable housing suited to the size of household is a positive alternative to this.

Younger people have been the biggest area of growth. The seven fold increase of those aged 18-24 represents the most significant demographic change relating to age.

Most of the tenants have been in Real Lettings accommodation for a short period of time with only 20 tenants housed for more than one year. These 20 tenants are nearing two years sustained tenancy, which is a significant achievement.

There is an even spread of properties north and south of the river. Whilst many approaches to housing those at risk of homelessness move people from London to other counties, RLPF is able to address the problem of housing at its source, in London.

Opportunities & Challenges

Families with young children have different needs and therefore require a different kind and level of support. Many of these families have young, single parents who need more help in order to establish their new household. Correspondingly, this demographic change affects several social impact metrics for the Fund, such as employment and saving for a deposit. These will be discussed later in the report.

Housing and supporting young adults is often time consuming as many are managing a house and establishing contact with support services for the first time.

Some of the social impacts of the Fund, particularly move ons, will only become clear as the current cohort progresses. It is also important at this stage to make sure that people are being adequately prepared for move on.

With almost three quarters of tenants having been housed south of the river prior to their arrival in an RLPF home, it is inevitable that over 20% of all households have had to move north. Whilst travel times will vary, this indicates that some tenants have been housed a considerable distance away from their previous area. Whilst this is clearly preferable to being housed in a different part of the country, it is not without its challenges. While some tenants might prefer to move, others would prefer to stay closer to existing networks of support. An opportunity to explore is diagnosing the best available housing for the tenants given their context and available properties.

New measure

Tenants feel confident in meeting new people in the local area

Adapted measure that is more relevant for those who have been in the property for 6 months or more. Last year, knowledge of individual tenants' circumstances was used to judge how many were showing signs of social integration at three months. The figure was 10/15 (67%).

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

Home is kept in good condition

ADEQUATE

7/107 - 6%

GOOD

51%
55/107

VERY GOOD

42%
45/107

STRONGLY DISAGREE
DISAGREE

0/107 - 0%

5/107 - 5%

NEUTRAL

15%
16/107

AGREE

66%
71/107

STRONGLY AGREE

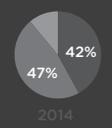
14%
15/107

IMPROVING RESILIENCE AGAINST HOMELESSNESS

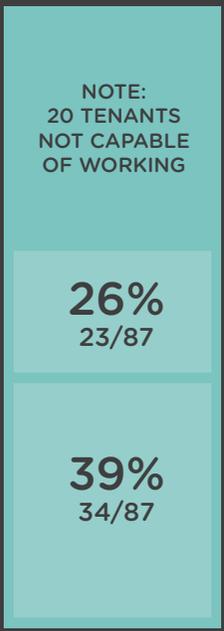
11/34 (32%) of the employed were working more than 24 hours per week. This is predominantly part time work, although this also includes full-time work

8/19 in work
9/19 in training/
applying for
work/
volunteering/
education

5/87 are in
education
full time

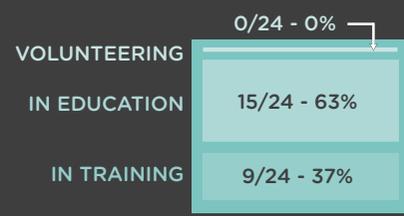


Tenants employment



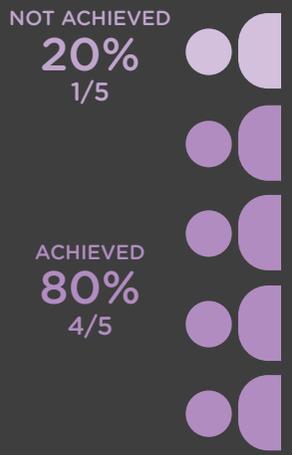
PROGRESS TOWARDS EMPLOYMENT

Tenants in training/education/volunteering



Very small sample since too early to meaningfully measure

Tenants have improved housing outcomes and move on positively from Real Lettings



Improving housing opportunities

98%

TENANTS SUSTAIN THEIR TENANCIES FOR MORE THAN 6 MONTHS

27%

TENANTS SAVE FOR A DEPOSIT SO THEY CAN MOVE FROM REAL LETTINGS INTO THE PRIVATE MARKET

84%

TENANTS ARE NOT IN RENT ARREARS, RISING TO 96% AFTER 6 MONTHS

55%

TENANTS ARE NEUTRAL OR CONFIDENT IN LOOKING FOR A PRS PROPERTY

2015 - 27% (12/45)
2014 - 38% (3/8)

55% (59/107)

Data refers to tenants who have been in the property for more than six months. Due to the cost of moving and setting up a house, it is unlikely tenants have the capacity to save in the first six months.

Description and explanation

Whilst RLPF homes directly improve the housing circumstances of all the people who access them, Real Lettings seeks to improve their housing opportunities so that they can eventually move on from Real Lettings. This has practical connotations, particularly in terms of paying rent on time, saving for a deposit, and understanding their housing choices, including how the private rented sector works. Real Lettings also wants to see that residents have long term goals, are planning ahead, and increasingly feel and show readiness to move on. This is embedded in the approach of Real Lettings. From the outset, Real Lettings is clear and consistent in its messaging about the property being a two to 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 quarterly tenancy review, Real Lettings discusses the tenant's plans for the future, including moving on and saving for a deposit, as well as employment. Besides the support that Real Lettings staff provide, St Mungo's Broadway also provides Shelter Connect, an internal service of property negotiators who work with landlords and tenants. Shelter Connect also offer a two day course teaching people what to look for and the tools to find properties. Real Lettings has been connecting tenants with this service to increase their chances of moving on successfully.

Key points

- Tenancy sustainment remains very strong at 98%, offering evidence that those at risk of homelessness are capable of managing a household given the right context and support.
- The percentage of tenants saving for a deposit is still relatively low, although absolute numbers have risen. A low percentage is partly explained by the changes in demographics relating to the Fund. There is improvement in numbers of tenants saving for a deposit for those who have been in the property longer than 6 months, suggesting that length of time in the property is connected to financial stability.
- Five tenants have moved on, of which four are positive and one is negative. This exceeds expectations in the sense that it happened before the second or third year of their time with Real Lettings. Judging whether the destinations to which they have moved are positive or negative is more complex than might initially appear. Relationships seem to play a significant role, both in the sense that someone might leave good accommodation for reasons outside Real Lettings' influence; or move back into a place they previously left because they prefer to be closer to a support network of friends and family.
- In line with expectations, due to the relatively early stage of tenancies for most, few tenants currently have housing plans post-Real Lettings and the majority are not yet confident in looking for a property in the private rental sector. Real Lettings is working with people through the tenancy reviews to encourage planning ahead. It is also linking up to services within and beyond St Mungo's Broadway to help people prepare, teaching them skills and assisting them to become more financially secure to have a better chance of making the transition.

Progress

One of the key outcome areas is tenancy sustainment, which remains very strong.

Tenants on the whole also show a fairly good relationship with money – making timely payments regarding rent and bills. It should be noted that 61% of tenants receive housing benefit, which is paid directly to St Mungo's Broadway. Some delays in rent payments are likely to be due to delays in receiving housing benefit, which often takes time to sort out, particularly at the start of a tenancy. Equally, some of the on time payments will be due to the benefits system working.

55% of tenants are confident or neutral in looking for a PRS property and 22% have housing plans post Real Lettings. This measure, based on the questionnaire, is directly related to people's perception of their housing options.

Interestingly, other tenancy review questions (not visualised alongside) show that most tenants have goals and long term plans and feel that they are taking steps to achieve them. This suggests that people are motivated and somewhat pro-active. Whilst attribution is unclear and other factors will be present, it is encouraging that this could in some measure be due to Real Lettings.

Four tenants have moved on positively after less than one year in a Real Lettings property. This is a key desired outcome for the whole model and it is encouraging that this is beginning to happen even before the two to three year period at which it is targeted. Although this is very early stage data, these cases have been analysed to see what they might offer in terms of initial learning.

Two tenants went into a private rented property - one of the main hoped-for outcomes of the Fund. Two moved back in with family members, who they had been living with before moving into a Real Lettings property. On the one hand, they are going back to a situation that they had already left, which may have been less than ideal, perhaps in terms of overcrowding and/or the stress of living in that household unit. However, there can also be strengths in those support networks and people have made an active choice about their housing options. They are not homeless and have done this in preference to seeking a private property. It could be inferred that RLPF has helped them better understand their housing options. This is therefore deemed a success overall.

Opportunities & Challenges

Real Lettings expects tenants to start saving for a deposit when they have had six months to settle into the property. This metric was used in the previous social impact report. Only one tenant out of the sample started saving before six months, in line with expectations. The percentage saving who had been resident for six months or more stands at 27% (12/45). This shows improvement as only 4% of tenants who have been in the property less than six months are saving for a deposit. This suggests that tenants are getting more control of their finances but the total number of those saving for a deposit is lower than desirable.

Other explanatory factors for this include (i) a high proportion of tenants for whom this is their first property and who may therefore have higher initial costs and (ii) the much higher proportion of families, particularly single parent families, for whom it is likely to be harder to save. There may also be a feedback loop here, where the challenge of saving or the small amounts that can be saved relative to the costs of moving on are perceived to be fruitless and demotivating.

Besides asking and encouraging tenants to start saving, Real Lettings has been working with a credit union to actively engage residents. Once they have built up some savings, Real Lettings will match it with grant funding. People are able to borrow twice what they have saved from the credit union – potentially the deposit on a future rental home – at lower rates of interest. Real Lettings explored peer to peer lending as another possibility but tenants were not eligible due to their incomes and credit rating. Another option being explored includes adding a small sum to weekly rents which can accumulate for a deposit.

This issue relates to a broader challenge around improving people's housing options: not only their ability to sustain a tenancy, practically and financially, but their ability to access one. The Real Lettings staff suggest that £2000 up front is typical for fees, deposit and the first month's rent, for someone moving out of RLPF into other private sector rental accommodation in the areas they are operating. This is challenging for many tenants. Saving £10 a week for two years (c.£1k) would, with an equal loan from the credit union, currently cover the costs at the start of a private tenancy. Besides meaning that a low income household starts in the private rented sector with significant debt and no financial buffer, it may not be possible for people to save this amount. This is more likely to be the case for single parent families. RLPF is therefore starting to explore other options including working with social landlords, a modular housing solution (Y Cube), and the possibility of an insurance model for tenancies, to reduce the requirements of a deposit.

This is likely to be due to a number of factors:

- the length of time tenants have been in Real Lettings – shorter term residents (even beyond 6 months) are likely to be establishing themselves and not yet thinking about moving on;
- other concerns initially take precedence – for instance, finding work may be perceived as the current priority, not least because this will lead to more stability and choice in terms of future housing options. This could be supported by the data around the majority of residents actively planning for the future.
- a lack of understanding of the workings of the private rented sector (PRS). For many people this is their first tenancy, so there is a learning curve. There is an opportunity here for educating tenants and Real Lettings is already signposting people to resources within St Mungo's Broadway, such as a training course on how to find a property. More work may need to be done to encourage and monitor uptake, particularly as more tenants get closer to the one and two year point.
- concerns around the high cost and competition in the rental housing market. This cannot be fixed by St Mungo's Broadway or the Fund, but work is actively underway to explore how partnerships could increase people's choices and make the transition onwards from Real Lettings easier.

One tenant complained of disrepair to the property and left when they felt it was not rectified quickly enough. This is a shortcoming and is classified as a negative move-on. However, it was identified as an isolated example of a property being signed off before it was ready. Sign-off processes have been reviewed and improved to ensure that this will not reoccur.

Work is continuing on refining assessment of whether individuals are ready for exit, and even whether some housing options might be more or less appropriate for them. One approach is an exit appraisal based on the tenancy review tool covering areas such as money, work, and social connections, which would help Real Lettings and the tenant to consider whether they have the elements in place that will enable them to move on appropriately.

Progress towards employment

39%

TENANTS EMPLOYED

2015 - 39% (34/87)
2014 - 42% (8/19)

24%

TENANTS IN
TRAINING/EDUCATION

TRAINING - 10% (9/87)
EDUCATION - 14% (15/87)
VOLUNTEERING - 0% (0/87)

26%

TENANTS ACTIVELY
LOOKING FOR WORK

LOOKING - 26% (23/87)

Description and explanation

- The proportion of tenants in work, preparing for work or actively seeking work appears to have remained similar and at fairly good levels as the Fund has grown. The sample indicates a slight increase in the proportion of tenants preparing for and looking for work, compared to those actually in jobs. This might be explained by the higher proportion of tenants who are young adults, both because unemployment is higher for this age group as is the proportion in training and education.
- The measure comes from a sample of 87 people. The sample for most of the measures is 107 - there are 20 tenants who are incapable of working. Last year, the much smaller number of residents meant that all of their circumstances were known, giving a highly accurate picture. However, due to the methodology of the questionnaire, it is unclear to what extent some of these categories may overlap. It should also be noted that the questionnaire is self-declared. This reduces the comparability of the two years and the comparability between different categories or responses. Further work will focus on gathering more granular information on employment progress for the next report.

Key messages

- The percentage of tenants in work is relatively high at 39%. 13% are working for 24 hours a week or more, i.e. most are working part time.
- Those evidencing progress towards work is also strong. 24% of tenants are studying or in training, with their likelihood of completion and qualifications increased due to secure housing.
- The percentage of tenants in work and seeking work seems more or less consistent with last year's levels (despite the limitations of data), which is positive given that the Fund has grown rapidly.
- RLPF will further improve data definition and collection to strengthen its analysis and reporting in this crucial area, enabling it to better help people access the employment support that they need.

Progress

The rate of tenants in work appears to have more or less stayed stable, even as the Fund has grown rapidly this year. This is impressive given the major shift towards more families and young adults. Although the data is not conclusive, it is quite possible that despite the challenges of working with children – including balancing caring responsibilities with childcare, the costs of this, changes in benefits, and the hours of work – there are parents finding and retaining work. Roughly half of respondents had childcare in place where necessary. This indicates a strong degree of motivation and effort.

A good proportion of tenants appear to be seeking work. At the time of asking, nine out of the 23 actively looking for work had an interview within the last month.

St Mungo's Broadway has a wide range of services that can assist people into employment. These include Work and Learning, a St Mungo's Broadway service which provides assistance to get back into work, such as help with CVs and interview technique, and Recovery College, which offers free courses covering academic and creative topics, as well as life skills.

Almost a quarter of tenants are studying or in training. Having secure and dependable housing increases the likelihood of completion and qualification.

Opportunities & Challenges

It is hard to estimate how many residents could reasonably be expected to be working or seeking work, beyond the 20 who are deemed incapable of working. This makes it hard to interpret how good 39% in work is. Based on benefits data for all tenants (a different data set), 22 appear to have health issues (they have been awarded Disability Living Allowance or Employment Support Allowance). One is on maternity leave and another is receiving pension credits, so neither would be expected to be working. This is 24 out of 118 residents, i.e. about one fifth of those housed who might not be expected to work. The main unknown relates to the age of children. This data is not available and there are sensitivities around its collection and sharing, but the age would indicate whether or not the parent(s) would be expected by the government to find work. They could also help with an understanding of patterns around part time working and family budgets.

There is an opportunity to improve the data around work and the understanding of how tenants are progressing. Some of this will be covered through more detailed work in the next social impact report. It would be useful to understand to what extent stable housing has helped residents progress towards employment. This would show whether residents attribute progress in work to their RLPF home and will therefore be included as a new question in the questionnaire.

A second area of interest is the nature of work: its quality, stability and pay. Understanding these will help determine how effectively current patterns of work can contribute to residents maintaining a home for themselves or their dependents, including when they leave Real Lettings. From benefits data, which covers all adults in the Fund, 22% are receiving working tax credit and 39% receive income support, which under some circumstances is paid to working people. In both cases this would indicate that their earnings are low, probably due to a mixture of hours and pay. Stability is unknown but anecdotally agency working and zero hours contracts are not uncommon. This is a challenging situation. Real Lettings will increasingly be assessing whether people have the elements in place that will enable them to leave, with stable work as one of the key components that can help.

Whilst the number of people seeking work is positive and is similar in proportion to the last social impact report, there are some issues with the data:

Seeking work is self-declared via the tenancy review. There is a risk that this might introduce a positive bias, if tenants want to give the "right" answer, i.e. that, in line with RLPF's expectations, they are looking for work. On the other hand, self-declaration reveals things that other measures, such as benefit status, do not. This is because it shows the individual's intention rather than a societal expectation. A young mother might not be expected to seek work but could still be doing this. That said, Jobseekers Allowance, as the main benefit for those seeking work, is claimed by 17% of tenants. 15% claim Employment Support Allowance, which includes people who are supported to seek work and those unable to do so. 26% stating that they are seeking work, based on the tenancy review, does not seem unreasonable.

The structure of the questionnaire and data means that it is unclear whether individuals are doing one or several of the activities. For example, someone could be working part time and still be seeking a job, meaning there is a risk of double counting people. Effectively, each question must be considered separately as a separate total. This will be improved in the next year.

A further area for improvement is around referrals to other parts of St Mungo's Broadway or external partners. Real Lettings staff are signposting people to services but there is not currently a system for checking whether they have taken this up, except via a generic question in the tenancy review questionnaire. On the strength of this, the uptake is low. The short term improvement is to directly ask which if any of a more specific list of services tenants have used. This also has the benefit of advertising those services – a "no" answer is a good opportunity to encourage tenants to investigate. A further option that will be considered is to ask other departments for data to check uptake. However, there is a tension here for Real Lettings, since it is designed to be a caring and encouraging landlord rather than a comprehensive support service.

The number of those studying and in training suggests that for some there may be a longer path to employment, as they improve their skills and job prospects. This might affect people's ability to afford to move into the private rented sector within the current estimate of two to three years with Real Lettings.

Improving resilience against homelessness

100%

HOME IS KEPT IN
ADEQUATE OR BETTER
CONDITION

VERY GOOD - 42% (45/107)
GOOD - 51% (55/107)
ADEQUATE - 6% (7/107)

87%

TENANTS SAY THE
PROPERTY HAS HAD
A POSITIVE IMPACT
ON THEIR SUPPORT
NETWORKS &
RELATIONSHIPS

YES - 87% (39/45)
NO - 13% (6/45)

This is measured at 6
months and beyond as it is
not relevant before.

80%

TENANTS FEEL CONFIDENT
IN MEETING NEW PEOPLE IN
THE LOCAL AREA

STRONGLY AGREE - 14% (15/107)
AGREE - 66% (71/107)
NEUTRAL - 15% (16/107)
DISAGREE - 5% (5/107)
STONGLY DISAGREE - 0% (0/107)

Description and explanation

All new tenants are offered a volunteer support worker as part of the peer advice link "PALs" scheme. This is someone with first-hand experience of the kind of transitions that residents face who can help with practicalities, such as helping parents find schools for their children, offering advice, or acting as a bridge into local networks. Whilst settling into a new home is a major part of what PALs do, the relationships formed can also contribute to other outcome areas, improving housing options and employment prospects.

Key messages

- 100% of homes are kept in adequate or better condition; 94% are in good or very good condition.
- The majority of tenants are confident in meeting new people in the local area.
- After 6 months, 87% of tenants feel the tenancy has had a positive impact on their support networks. There is an opportunity to understand and work with the small percentage who feel that there has not currently been a positive social impact in this area. This will include considering what can be done to address the preferences and practicalities of housing people in particular geographies.

Progress

100% of homes are kept in at least an adequate condition with 94% of homes in a good or very good condition. This shows tenants care about their new accommodation and are showing evidence of effectively maintaining a household.

It is clear that the majority of tenants (80%) feel confident in meeting new people in the local area, thereby creating the potential for networks and friendships to grow over time, part of increasing resilience against homelessness.

After 6 months, 87% of tenants feel the tenancy has had a positive impact on their support networks and relationships. Strong social networks facilitate resilience against homelessness, so this would suggest that the Fund is performing a positive, enabling function.

Opportunities & Challenges

The good condition in which tenants keep properties is evidence that they are managing their tenancies well. There may be an opportunity for this to contribute to references when tenants move on.

However, in a separate question, 58% of tenants had not yet met people or did not yet want to meet anyone. The amount of time they have been in the property is significant here. Once people have been in for 6 months or longer, 69% have met people and had a positive experience, up from 23% resident for less than 6 months. It therefore seems likely that people require time to settle in and make new connections. Perhaps some of the problems of geographical dislocation, where this applies, are lessened over time. Further work will be conducted in this area, including through tenant focus groups.

For tenants who have moved into properties within the first 6 months there is a lower percentage score for this metric. However, it is not particularly meaningful to ask this question immediately after a move and before tenants have had a chance to establish in their new neighbourhood.

Outcomes for RLPF tenants

Vanessa



Vanessa now has a two bed property. She had never rented a property before and owned no furniture, so Real Lettings helped Vanessa with grants for her to buy furniture, bedding and a washing machine so she could create a home and live comfortably in the property.

She is learning how to manage a tenancy on her own for the first time and is doing well. She feels Real Lettings has been supportive and informative as she took this new step.

The stability has been important to her as "I can focus on looking after my child properly". She feels more positive about the future now that she has a stable environment in which to raise her daughter.

Tallulah



Real Lettings provided a new home for Tallulah in North London. With support from Real Lettings, Tallulah also found a nursery for her son, started taking courses in computer skills and setting up her own businesses. However, space issues with the flat meant that Tallulah needed to be moved and rehoused by Real Lettings in a two-bedroom flat near Catford in January 2015. She describes it as "a drastic improvement". "Being in this property has helped me a lot. I'm in south London again, near my parents, and I have absolutely no complaints about my flat. If I'm honest, it's only just sunk in that I'm home." She is now looking for part time work and also wants to support other lone parents in similar situations.

Sharon



The local authority, Brent and Harrow, found a bed and breakfast for Sharon and her son in Southall. Real Lettings then helped them by providing a stable home. This was particularly important as her son was now in the final year of his GCSEs.

The new flat was in Woolwich, in south east London. Initially Sharon did not want to take it as she thought it would mean her son would have to leave his school at a crucial stage in his education. When she went round the flat with Real Lettings, she changed her mind.

"I couldn't believe it, my son started to smile and I knew there and then that this was to be my home. He was going to have a double bed and his own bathroom for the first time. There was so much more space for the two of us and it was clean - there were no mice and there was no mould."

Her son made the daily trip across London to his old school, leaving home at 5:30am each morning. He passed all of his GCSEs and won a place on the Whealdstone Football Club scholarship scheme at Stanmore College, a partnership to provide young footballers with sporting and academic excellence.

Conclusion

The Fund has grown significantly this year, enabling the purchase of more properties and the housing of many more people. The new tenants are significantly different demographically to those previously housed, which presents an opportunity and challenge for Real Lettings. An increase in the number of children, young adults, women and single parents has led to the Fund purchasing more two bedroom properties and some new opportunities and challenges in respect of social outcomes. Getting a large number of tenants moved in and stable, bearing in mind that many have not had their own property before, has been a major focus of the year. Whilst people have been successfully housed and settled in, it is perhaps inevitable that some areas of social impact are starting from a lower base and there is room and ambition for improvement in these areas once tenancies have stabilised. This year's impact report identifies and analyses the data in order to put plans in place for improving them over time.

In terms of improving housing opportunities, 98% of all tenants have sustained their properties for over six months with the vast majority up to date with rent and bill payments, a figure that improves the longer they are in the property. There appears to be a relatively low savings rate for a deposit with a lack of confidence in looking for housing in the private rental sector in the future. This data underlines the impact potential of Real Lettings role as an educator as well as a landlord. There may also be some explanatory factors for some of these initial outcomes, relating to demographic changes and the on-going rise in demand and cost in the private housing market. This is discussed in the next section.

Regarding progress towards work, many tenants are either in employment, training, education or actively looking for work, based on the sample. This is similar to last year but should be considered a positive result given that the challenges of finding work are generally higher for young people and single parents.

A key impact of Real Lettings is improving resilience against homelessness. Whilst this is a complex and contextual outcome, there is evidence to suggest that strong social networks and support are an important factor. To this end, 85% of tenants feel the property has had a positive impact on their support network and relationships and 80% feel confident in meeting new people in the area. Whilst for the majority this is positive, work is ongoing in order to better understand the drivers for the minority who have not yet been able to build positive social networks.

Lessons Learned

The Fund has grown rapidly in 2014/15 with more female tenants and more children

The overriding characteristic of the year has been one of growth. As explained above, this includes more properties and more people. This is positive in that it shows that capital has been deployed and many more people are being housed. The demographic change consists of younger tenants, with a sevenfold increase in 18-24s, and a large increase in the proportion of women housed. Many are single parents with children. This is a marked change from the first year of operation, which, despite housing some children, included more single people, and it carries several possible implications.

The type of properties required has changed, with the Fund acquiring more two bedroom properties which are more suitable for households with children. In this sense, the Fund has performed as intended, by responding to the need evidenced with the right mix of property types.

Some outcome areas appear to be being affected. This may be the case for the relatively low proportion of people saving for a deposit; it may also have an effect on the numbers working, or (something that the data does not show), the hours which people can work; parental caring responsibilities will tend to reduce the total number of hours worked and the flexibility around hours. Aside from personal decisions, the cost of childcare increases with working

hours, meaning that work may not be a feasible or attractive economic decision in the short run. The more youthful population may be reflected in the increased proportion studying.

The demographic change also has implications for “move on” expectations from RLPPF properties: what is realistic and appropriate for tenants with different circumstances? For example, a higher proportion of tenants with children may bring additional considerations. It can take longer to find work, for instance until children reach school age and/or income is sufficient to justify the costs of going back to work, notably childcare. Moving can also cause disruption to children, particularly if they are settled in a school. This challenges the Fund to balance helping another household – the logic of transition accommodation being made available to more people – compared to the potential downside of disrupting a household that is making progress but might not be at the best point to move on at the expected two to three year period. The strategy for achieving move on for tenants needs to develop further, and actively take into account these factors, as discussed further later.

Rapid growth has necessitated a high work rate

Whilst the growth in Fund size and beneficiary numbers is positive, the consequence of this, revealed in semi-structured interviews, is that this has made for a challenging year in terms of operation for Real Lettings. The process of starting people in their new homes is time

intensive and new tenancies have been starting up at a rate of five or six per week. This is itself a major achievement. Successfully establishing tenants in their new homes is perhaps the key metric of success at this stage of the Fund’s life. The level of work involved may also correlate with the more youthful population, because most residents will be finding themselves responsible for a tenancy for the first time. The volume of work required is demanding for the team and means that there is less opportunity to focus at this stage on tailoring services and follow up than there will be when the fund reaches a steady state, in the next year of operation.

Although it is challenging for a small core team to assist a large group of relatively recent arrivals, it seems that the wider resources of St Mungo’s Broadway are proving helpful in supporting residents, including through “Peer Advice Link” (PALs) volunteer workers. However, there is an opportunity to do more in terms of connecting with a full range of external and internal partners, to make the most of relationships and services that already exist. Real Lettings has already identified and made use of Shelter Connect, Work and Learning and Recovery College, and it will seek to deepen and broaden its links in the year ahead.

This leads on to an objective to increase the effectiveness of referrals in the coming year. This creates a challenge in measurement terms, since, anecdotally, Real Lettings staff are referring people to services but the uptake

is not necessarily known. In part, this is due to resource constraints on following up but there is also a more fundamental question about the role of Real Lettings – how hard should it chase people to do something? Real Lettings is not trying to be the solution to all of the situations that residents face, so much as an enabling space and service that encourages people to make positive choices from the starting point of a stable home. One member of staff felt that being too pushy could undermine RLPP's approach to empowering people. Its model is more about signposting residents to services, with the tenancy review serving as the opportunity to encourage people to be proactive, to educate them about the options, or to confront them with a lack of activity.

Location, location

The Fund operates at a pan-London scale. This is in keeping with the scale of St Mungo's Broadway's London operations and also relates to the presence of need across the capital. At the same time, the size of London presents challenges. Few other social landlords need to cover the entire capital, and those that do typically allocate staff to quite specific areas, whereas the Real Lettings team have to travel to meet tenants, particularly as the tenancy begins.

Scale also introduces the risk of dislocating people from their neighbourhoods. As shown earlier in the report, roughly half of the properties are north and south of the river (due to suitable

property availability and geographically balanced purchases), but over 70% of current tenants come from south of the river (largely due to partnerships with specific Local Authorities in the Fund, especially Croydon). These different proportions, together with the imperative to house individuals quickly as properties become available, mean that some tenants who want to travel between a new Real Lettings home and their old neighbourhood will find this time consuming. Consequently, some people may feel cut off or isolated from their previous area and support networks, notwithstanding that emergency or temporary accommodation is often not in the borough, and the alternative to move on via Real Lettings in London for many Local Authorities has been to seek to place tenants even further afield, including outside London.

Feedback from Real Lettings staff indicated a complex picture related to this question, where geography is seldom neutral. Staff differentiated between people who committed to a new location, starting to study and work in or near the area, who then had a positive experience, compared to those whose previous expectations had been that they would be housed near to a former home. In this case, they tended to be less committed to a new area that did not suit them because it was harder to visit family and friends. Anecdotally, staff were aware of a small number of residents who spent significant amounts of time and money commuting back to their old area to maintain these relationships.

Since strong networks and relationships are a central factor in improving resilience against homelessness, this is an area for potential improvement. This would require better upfront information about the significance of geography for residents: whether it is about maintaining positive relationships in a locality, or getting away from negative ones; retaining an existing job, or finding a new one. Although a larger bank of different properties ready to allocate to the most appropriate tenants might help, people would be waiting longer and it would not necessarily be easy to accommodate different preferences.

It is also a reality of London living that a suitable property is not necessarily available where a person wants it. Related to this is the impetus that one change can bring to a commitment to making further changes. One member of staff described how a new resident was simultaneously thrilled to finally have a comfortable and secure home for her and her daughter but was disappointed that it was in a different part of London. The effect of this on the mother was to make her more determined to improve her situation so that she could choose where they lived. The tenancy review data also shows that people increasingly feel positive about their social connections and neighbours once they have been in their property for more than 6 months, indicating that most people are establishing themselves in this time.

Although referrals to Real Lettings over the next year are likely to be rebalanced across a wider geography, and this will to some extent reduce possible problems relating to dislocation, people's attachments to certain areas – or their desire to start afresh elsewhere – is a tension for which Real Lettings and the Fund will continue to develop solutions. This will also be considered as part of the work around move on, working with tenants to help them move to a place that they feel is suitable for them.

Move on is always challenging – plan ahead

Aside from the internal challenges to successfully moving on, particularly around the potentially longer time frames and additional considerations related to families with children, there are also external challenges. Currently, 45% of tenants from the tenancy review are not confident looking for another private rented sector property whilst only 21% of the 107 undertaking the tenancy review have housing plans beyond Real Lettings. Since most tenants are currently coping well in existing properties, it seems unlikely that this is primarily about the skills or knowledge required to find or manage a new home (something for which training is also available). More likely, this is because 52% of all tenants have only been resident for 6 months and 76% have not yet been in a Real Lettings property for a year. This means that people are likely not yet ready to think about moving, something which will encourage Real Lettings to continue informing and educating its

tenants. Done effectively, the percentage feeling confident should increase. However, a further possibility is that this a reflection of concern about leaving a good quality, stable home and finding a comparable replacement in the private market, which is known to be challenging.

It may also be the case that demographics are overlapping with people's perceptions of the market. For instance, the relatively low proportion currently saving for a deposit, whilst perhaps due to the challenges of saving as a young parent, could also be related to a mentality amongst some that saving will not suffice because the costs of moving are so high. In semi-structured interviews, one staff member pointed out that £2k is a typical amount for deposit and estate agent's costs. Saving £10 a week for two years – no mean feat from a tight budget for a low income household – would only amount to £1k. Whilst the credit union scheme that Real Lettings is encouraging will lend more to regular savers, this is a tough ask. "People can do all the right things, and still not get anywhere," as one member of staff said. Real Lettings has already moved to incentivise saving, matching what the tenant saves with a grant, and working with the credit union to negotiate a lower interest rate for its clients. This helps with saving. Real Lettings is also developing its support and options for move on.

It has always been understood that tightening property market dynamics, which drive the need

for Real Lettings and the Fund as a solution, also raise challenges for the eventual move on of its tenants into the broader private rental market. Private rental costs are increasing; supply is decreasing. According to estate agents, the average number of offers per property is 8.5, compared to 5.5 last year. This is a highly competitive market where tenants have to move fast and landlords can be choosy. Real Lettings believe some landlords are discriminating against people on benefits, perhaps perceiving them as being at greater risk of default, and work is being done to explore how Real Lettings can better evidence the good tenancy track records which its tenants are building.

This issue is reflected in the wider market, where homelessness caused by landlords evicting tenants has risen rapidly to become the trigger for over 40% of homelessness. The other main reasons are family or friends no longer being unable to offer accommodation, relationship breakdown and arrears. The London housing market is therefore becoming increasingly inhospitable to those on low incomes.

With the ultimate goal being for tenants to progress into stable, affordable, long term housing, the Fund needs to consider a broad range of options in addition to the private rental sector so that residents are less vulnerable to homelessness on leaving Real Lettings. This is a systemic challenge which the Fund cannot solve in isolation and the partners are already

exploring how collaboration with other agencies could suggest solutions or mitigation to this fundamental challenge. This might, for instance, involve working with housing associations, co-operatives or community land trusts, or even increasing supply with modular housing.

Improving understanding and adapting measurement

Whilst the original model of transformation – related to empowering tenants and giving them the space to recover a measure of stability and direction – is working, it is also the case that the data from a much increased cohort of tenants poses important questions and identifies ways to improve effectiveness..

The focus for impact measurement over the coming year will be to (i) measure the effect of targeted actions to improve a number of key metrics, particularly engagement with work and saving for a deposit, and (ii) widen the impact analysis to take in all beneficiaries, particularly the children of tenants. Understanding the impact of the Fund on children housed has become even more important as they are a larger proportion of the residents. Some are too young to ask directly and there are sensitivities around privacy. The Fund therefore will explore a combination of case studies and an additional question in tenancy reviews to understand how children may be benefitting from a more stable environment. Another area that calls for further exploration is that of attachment to area and how it works in different circumstances, since

relocation can be good, bad or indifferent – as discussed previously, whilst everyone seems to be grateful for a home, relocation can in some cases adversely affect people's networks.

The aspiration of the Fund is firstly to make sure that it is having a positive effect in line with its intent, particularly as this period of growth continues into the next year. It will also be exploring what changes might be needed to help it better understand its impact, perhaps entailing some adjustment of questions or methodology, rather than a bigger shift in the measurement framework.

Next steps

RLPF is committed to using this report as a springboard to further improving its impact. The success in serving more people, including more children, has also brought opportunities to light around:

- Improving data collection and analysis capability over the course of this year and in advance of the next report, so that the increased volumes of data can be handled effectively and provide a more nuanced picture across the different circumstances of those the Fund houses;
- Developing the support networks by improving people's access to and uptake of different services, as well as considering the role of where people are housed as part of this;
- Strengthening the options for move on - the partners have begun planning a roundtable with other agencies to discuss this as a London-wide issue, with a view to broadening the range of options available to residents when they leave RLPF.
- Sharing the learning and expanding the model into other areas, through the launch of a new Fund bringing the benefits of this model to areas outside London. There are also signs of interest from the mainstream property market, such as RLPF winning Newcomer of the Year at the Property Week Residential Awards, as well as enquiries being made from social sector organisations

Without Real Lettings

Vanessa



When Vanessa had to leave her family home, she might either have found herself sofa surfing between friends' houses, far from ideal with a young baby, or put up in temporary accommodation. With long waiting lists for social housing, local authorities are short of other options. Vanessa might even have found herself housed outside of London.

Tallulah



Without Real Lettings, Tallulah would not have had the stable housing in combination with the support that have helped her make progress towards work and self-employment. She and her son might well have experienced a longer stay in a single room in temporary accommodation. Even if she had found a flat in the private rented sector, it would not have had the same stability nor access to the extra services.

Sharon

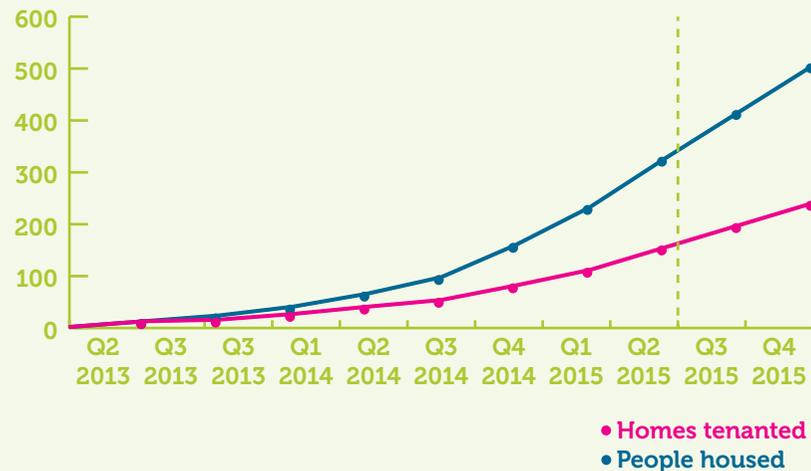


The council would have rehoused Sharon and her son eventually. But without Real Lettings, they might well have been in temporary accommodation for much longer, meaning less stability for her son in his final year of GCSEs and more stress for the family. The Council would still have been seeking ways to rehouse them but the quality of housing would probably have been lower. More disruption could also have had an adverse effect on his exam results and therefore future life opportunities.

Appendices

a) Growth in Properties and People

The graph below shows how the number of properties and the corresponding number of people housed are likely to grow as the Fund reaches full deployment.



As can be seen from the graph, it is likely that the Fund will have been fully deployed by the end of the current financial year (2015/16) and will house c.500 people at this point. Given the expectation of move on it is now therefore possible that the Fund will, over its life, help well over 1000 people improve their lives.

b) About Resonance

Resonance is a social impact investment company with over a decade of experience of working closely with social enterprises throughout the UK. We help social enterprises prepare for and raise capital from investors who value both their impact ambition and their business model. Based on this knowledge, we also create and manage impact investment funds focused on specific social issues across a range of sectors. We have particular expertise in community-led projects, homelessness, education and social care and work closely with investors whose values and ethics closely align with these sectors.

The Resonance Group also includes two subsidiaries; Resonance Impact Investment Limited (RIIL), a deal arranger and fund manager authorized by the Financial Conduct Authority (FCA) and Community Land & Finance CIC, a community development finance institution and accredited Social Enterprise.

As well as the Real Lettings Property Fund, Resonance currently manages two debt funds lending to community-led organisations to develop assets that serve local need and/or make the most of local opportunities. These funds help the development of resilient, powerful, inclusive communities mobilising both financial and social capital for the long-term benefit of communities around the country.

With offices in London, Manchester, Bristol and Launceston and a team of over 30, including 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.

c) About Real Lettings and St Mungo's Broadway

St Mungo's Broadway provides a bed and support to more than 2,500 people a night who are either homeless or at risk, and works to prevent homelessness, helping about 25,000 people a year.

We believe no one should be homeless and that people can – and do – recover from the issues that create homelessness.

We support men and women through more than 200 projects including emergency, hostel and supportive housing projects, advice services and specialist physical health, mental health, skills and work services.

Formed in April 2014 by the merger of two long established charities, we currently work across London and the south of England but influence and campaign nationally to help people to rebuild their lives.

St Mungo's began helping people sleeping rough off the streets in 1969. It then developed many ground breaking services including; the first specialist project solely for mentally ill rough sleepers, funded by the Government; the first specialist project solely for rough sleepers who drink heavily; the only specialist project solely for elderly rough sleepers and, more recently, the first Recovery College in the homelessness sector.

Broadway was created on 1 April 2002 from the merger of two London charities that, between them, had been supporting homeless people for more than 20 years. Broadway always recognised that the solutions to homelessness were as varied, complex and individual as the people it supported. Its services, projects and activities delivered practical support and guidance to help homeless and vulnerably housed adults on their journey from street to home.

We believe every person should:

- Have a decent place to live – to find and keep a home
- Have something meaningful to do – to work and learn, and move towards financial self sufficiency
- Have positive relationships and the good health to enjoy them

d) Preserving social impact

Since the Fund has an initial duration of seven years, it is important to consider how the social impact of its investments can be extended beyond this period.

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

- extension of some leases, by mutual consent of St Mungo's Broadway
- 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, as appropriate
- portfolio sale of properties to an institutional investor with a social housing focus, as appropriate
- as above, but with a breaking up of the portfolio into smaller parcels and subsequent sale to a series of social housing focused landlords, as appropriate

The exit strategy will seek to optimise the capital values of the portfolio whilst taking into account, where feasible, a preference to dispose of the assets to socially motivated investors, entities or persons that will generate a lasting and positive social impact.

In all exit scenarios, the availability of the properties to the target tenant group over a predictable period of up to 5 years will have achieved the primary social impact goal of the Fund by providing a strong incentive for tenants to move into the private rented sector and build greater housing options, progress towards employment and improved resilience against homelessness.

Under its current operational model Real Lettings already manages transition of tenants between properties within its portfolio when individual landlords end lease arrangements.

If the need for move on accommodation of this kind remains or even increases over the life of the Fund, there will be a strong rationale for the portfolio to be sold into a follow-on Fund to address this need, and Resonance is already actively working on these future solutions.

e) A framework for measuring social impact

Resonance and St Mungo's Broadway recognise the importance of assessing impact and share a commitment to building this into the running of RLPF. St Mungo's Broadway 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 RLPF.

Developing the framework

Resonance uses a tool called the Transformational Index on all of its projects. 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. This relates to "theory of change" approaches in that it explores the underlying model that an organisation is adopting but differs in that it emphasises the internal assumptions, characteristics and expected dynamics around transformation for their clients, rather than the web of causes and effects related to the issue they are dealing with. At a very early stage in the development of RLPF, Resonance ran a workshop with Broadway using the Transformational Index. This established a framework based on the underlying change values of Real Lettings.

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 developed, in response to this as well as following the merger of Broadway and St Mungo's. The framework has therefore undergone several iterations and some expansion. 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 Broadway in response to the framework agreed between the partners. It is a questionnaire which is updated live on phone calls with tenants. Staff make contact with tenants by phone, leaving messages, and also use letters to remind people. The information is held on the client monitoring system.

The three impact areas are structured as follows:

- Improving housing options – 9 questions covering savings, goals and outlook, and readiness to move on
- Progressing towards work – 12 questions covering steps towards and into work and engagement levels
- Improving resilience against homelessness – 19 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.

0345 0043432
info@resonance.ltd.uk

Resonance
42 St Thomas Road
Launceston
PL15 8BX

www.resonance.ltd.uk
@resonanceltd

