

SOLUTIONS TO HOMELESSNESS

THROUGH SOCIAL IMPACT INVESTMENT

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ABOUT THIS REPORT

This report assesses the combined social impact of Resonance's five Homelessness Property Funds, for the year from April 2021 to the end of March 2022. These property funds were created to provide a sustainable and scalable solution to the housing crisis thousands of households across the country are experiencing by providing a safe and stable home from where tenants can start rebuilding their lives.

During this reporting period, the country was emerging from the impacts of the pandemic in the knowledge that a potential cost-of-living crisis was looming. The fund's tenants continue to show resilience in light of the challenges they have and continue to face.

The two newer property funds, **National Homelessness Property Fund 2 (NHPPF2)** and **Resonance Everyone In Fund (REIF)**, have both started deploying during this reporting period, successfully handing over refurbished properties to their housing partners who are now housing tenants. This report includes an update on their progress over the last year. And in line with its geographical expansion across England, this report includes an update on NHPPF2's progress in partnering with new, expert and regional housing partners, including its new Bristol/Bath-based partnership with **Developing Health and Independence (DHI)**. Meanwhile, positive conversations with other potential regional housing partners are being progressed.

In addition to the overview of tenants and the usual themes covered, this report includes three discussion points that emerged in the funds this year.

1. Last year's report (and to some extent the 2019/20 report) showed declines in areas where there had previously been improvement. This was interpreted within the context of the time to be the likely effects of COVID-19 on the lives and circumstances of the tenants. This year, in several areas, there appears to be a positive bounce back. This discussion point therefore concentrates on factors where measures show marked improvement and a **'bounce back'** to, or towards, pre-COVID results. This includes employment, reported arrears and the number of tenants who have thought about moving on from the funds
2. Conversely to the first discussion point, there are measures that have failed to rally following the pandemic, and on first appearance seem contradictory to the measures that have improved, referred to in this report as **'the bump'**. Measures of optimism (in the form of having and working towards goals), savings, and saving for a deposit for a new property have dropped. Feedback from tenants and housing partners suggest that this could be a reaction to the emerging difficulties seen in this period related to the cost-of-living crisis

3. There has been a marked change in the funds this year. As more new housing partners come onboard, the people living in those homes have changed and the funds have adapted. Tenants are beginning to play a bigger part in deciding the future of the funds and more emphasis is placed on seeking better solutions for them. So the report also covers **the changing** world of private rental housing and how parts of the funds have flexed to allow their aims to remain true in the ever changing and complex environment of their tenants

This report was prepared by Lara Norris, Anna Crooks and Andy Schofield of the Curiosity Society with active contributions from Resonance, St Mungo's, DHI and Nacro teams. In addition, the authors gratefully acknowledge the help of all staff and tenants who gave up their time to contribute to the writing of this report. Without their combined support this report would not be possible.

ABOUT THE FUNDS

Resonance's homelessness property funds entered their ninth year of successful track record in 2021/22. Our two new funds, National Homelessness Property Fund 2 (NHPPF2) and Resonance Everyone In (REIF) joined our three established funds Real Lettings Property Fund 1 (RLPF1), National Homelessness Property Fund 1 (NHPPF1) and Real Lettings Property Fund 2 (RLPF2) in 2020/21 and are now housing tenants. Across them, these five scalable and diversified residential property funds continue to **provide life changing homes and solutions for people facing housing crisis** - during a time of continued economic instability - linking stable housing to positive development in other parts of their lives.

The funds buy properties, 'ordinary homes on ordinary streets', in local communities, chosen with the fund's expert housing partners. Properties are refurbished to a high standard, **including improving their energy efficiencies and EPC ratings**. Once refurbished, properties are handed over to the housing partners to manage the tenancies and support tenants.

Housing partners provide an effective alternative pathway for tenants ready for independent living and who would otherwise struggle to access private rented sector housing. In many cases these tenants otherwise face the prospect of being stuck in the loop between homelessness and emergency temporary accommodation and the long-lasting negative impact of this on their lives. The cost of this to both the country and the tenants is enormous. **The funds and housing partners provide a stable home and foundation enabling tenants to move on intentionally when they are ready.**

Impact investors provide the finance to buy the properties. Rent from the properties pays the housing partners and Resonance, and provides a yield to the investors.

During the year we welcomed a new housing partner, South West-based **Developing Health & Independence (DHI)** who helps those at risk of and excluded from society to turn their lives around. DHI supports people with issues linked to homelessness, poor housing, harmful alcohol or drug use, mental ill-health and social, financial and digital exclusion. In December 2021, NHPPF1's Bristol part of the portfolio - 99 properties and their tenants - were successfully transferred from St Mungo's to DHI's subsidiary Home Turf Lettings who are now managing the portfolio. This represented a good opportunity for the fund to diversify its housing partner relationships, while maintaining continuity in Oxford and Milton Keynes. Meanwhile, as our newer fund **NHPPF2 has started to expand into other regions**, including Bristol, this fund has also partnered with DHI and is now buying and refurbishing properties in the city, to house families in Bristol experiencing housing crisis.

Capital raised across all five funds since their launch and to 31 March 2022 was £243 million, enabling the funds to purchase 935 properties so far, and during this time to house 2,914 people, including 1,426 children.

In the year 2021/22 the funds have housed 2,091 people, including 1,009 children.

RESONANCE HOMELESSNESS PROPERTY FUNDS

NHPF2 and REIF have started buying and refurbishing properties and handing them to their housing partners, which are now housing tenants. In line with its expansion across England, NHPF2 is aiming to partner with more like-minded housing partners.



Real Lettings Property Fund 1 (RLPF1)

Launched February 2013

The pioneer fund for this initiative, tackling homelessness in London. Fully invested.

£56.8m raised



National Homelessness Property Fund 1 (NHPF1)

Launched December 2015

Expanded to high rent areas outside of London tackling homelessness in Bristol, Milton Keynes and Oxford. Fully invested.

£43.6m raised



Real Lettings Property Fund 2 (RLPF2)

Launched January 2017

Extended the work started by RLPF1 in tackling homelessness in London. Fully invested.

£98.5m raised



Resonance Everyone In (REIF)

Launched March 2021

This fund was created as a one-off and dynamic response to the pandemic housing rough sleepers in London. Its deployment period officially finished in March 2022, but as the fund has been successful it is buying a handful of additional homes. Closed for investment.

£16.5m raised



National Homelessness Property Fund 2 (NHPF2)

Launched December 2020

Extending the proven solution to tackling homelessness in more areas across the country including Greater Manchester, Bristol, Oxford and Liverpool City Region, and with multiple housing partners. Open for investment.

Current fund size £65m
(as at 31 October)

HOUSING PARTNER



HOUSING PARTNER



INITIAL HOUSING PARTNERS



Redwing

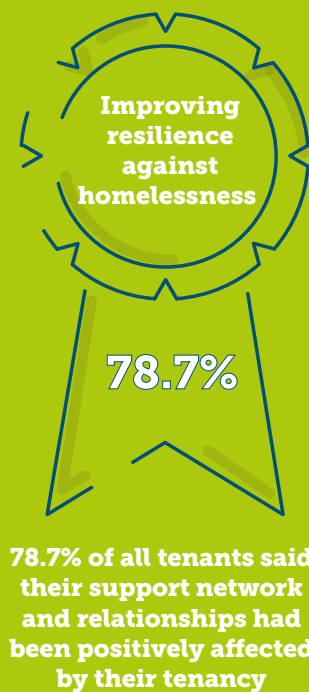
IMPACT IN THE LAST YEAR

Data for one year ending 31 March 2022

Stable Accommodation for Families



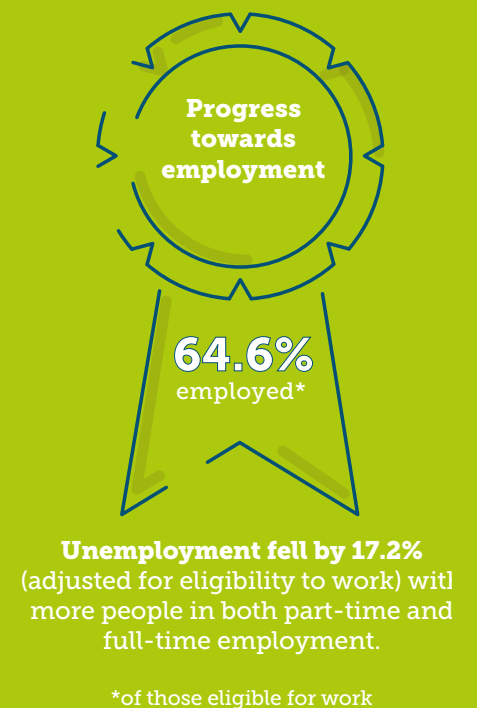
Positive Relationships



More Households Move On Positively



More Employment



*Data was recorded by housing partners slightly differently from previous years, so the analysis has been based on the assumption that move-ons to private rented, social or local authority housing and sheltered housing are 'positive'. Evictions, prison, shelters, temporary accommodation and hostels have been counted as 'negative' and all remaining options including friends and family as 'other'.

WHAT THE FUNDS HAVE ACHIEVED TO DATE:



5
FUNDS



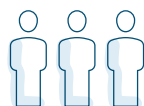
£239.5m
RAISED



935
PROPERTIES



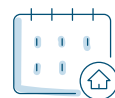
100%
TENANCY
SUSTAINMENT
for the first 6 months



1,885
PEOPLE
currently housed



901
ARE CHILDREN



2,914
PEOPLE HOUSED
CUMULATIVELY
since 2013



32
CURRENT
INVESTORS

11

HOUSING PARTNERS

Nacro
WE CHANGE LIVES

St Mungo's
Ending Homelessness
Rebuilding Lives



LET US

DH
Developing Health
& Independence

Response



Redwing

+ GROUP OF 5 HOUSING PROVIDERS

Bolton
at Home

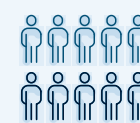
Wigan
Council

SHG
The Society Housing Group

ForHousing

salix homes

WHY THE FUNDS ARE NEEDED:



1m
people in England
on social housing
waiting lists*



96k
households in England
living in temporary
accommodation**



121k
children in England
living in temporary
accommodation**



60%
of all statutory
homeless families are
lone mothers with
children*



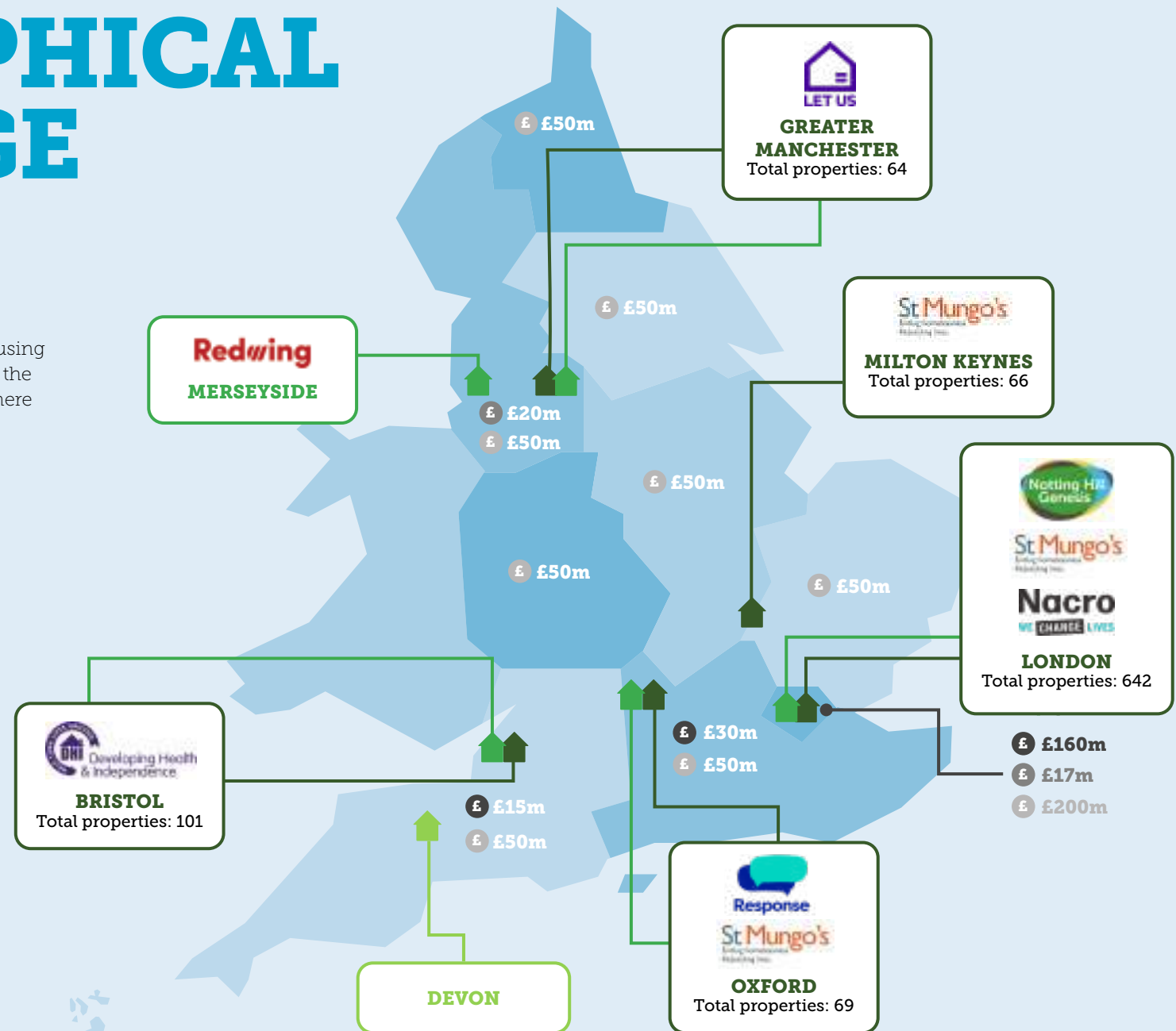
11,018
people sleeping
rough in London***

* Shelter ** House of Commons Library *** Crisis

CAPITAL NEED

- ## PROPERTIES

- Where our tenants live
- Where we are acquiring our portfolio
- Where we are in discussions to expand our portfolio





PROGRESS OF NEWER FUNDS

NATIONAL HOMELESSNESS PROPERTY FUND 2

Our flagship homelessness property fund for institutional investment, tackling homelessness across the country including Greater Manchester, Bristol, Oxford, Liverpool and London to date.



9 HOUSING PARTNERS TO DATE



+ GROUP OF 5 HOUSING PROVIDERS



Developing Health & Independence



Redwiring



£65m
raised (as at 31 October)

The fund aims to raise

£300m



The fund aims to house more than
16,000 PEOPLE
over its lifetime

6 INVESTORS TO DATE

GMCA
GREATER MANCHESTER
COMBINED
AUTHORITY

BIG
SOCIETY
CAPITAL

gmpf



LIVERPOOL
CITY REGION
COMBINED AUTHORITY



www.oxford.gov.uk



**FIRST
TENANTS
HOUSED**

RESONANCE EVERYONE IN FUND

A specialist fund focusing on housing and support specifically for people sleeping rough in London, launched as an emergency response to COVID-19.



6 INVESTORS INCLUDING

**BIG
SOCIETY
CAPITAL**

**GREATER
LONDON
AUTHORITY**

Guy's &
St Thomas'
Foundation


Trust for London
Tackling poverty and inequality

**MONDAY
CHARITABLE TRUST**

HOUSING PARTNER

Nacro
WE CHANGE LIVES



The fund aims to house
200 PEOPLE
over its lifetime



DELIVERING IMPACT IN FOUR KEY AREAS

Working closely with our range of expert housing partners, the funds prioritise positive tenant outcomes by ensuring tenants are able to access specialist support and that their homes meet their needs. So, as well as access to appropriate support, this means ensuring homes are safe, refurbished to a high standard, energy efficient and affordable, enabling tenants and their families – the majority of which include children aged sixteen and under – to find stability and peace of mind. This sense of security means tenants can live with independence, maintain their tenancies, build resilience against homelessness and gain in confidence to find and secure employment or training.

The impact of the funds can be seen primarily in four areas. The first three were chosen before the funds began, whereas the fourth has been added in response to the experience of housing families, particularly single parents with children.

1

IMPROVING HOUSING OPTIONS

Tenants feel secure in their homes and able to sustain their tenancies

2

PROGRESSING TOWARDS WORK

Having a stable place to live helps tenants take steps towards employment

3

IMPROVING RESILIENCE AGAINST HOMELESSNESS

The stability of their home enables tenants to make positive steps in other areas of their lives

4

STABLE HOUSING FOR CHILDREN

The funds make a big difference to the health and wellbeing of children



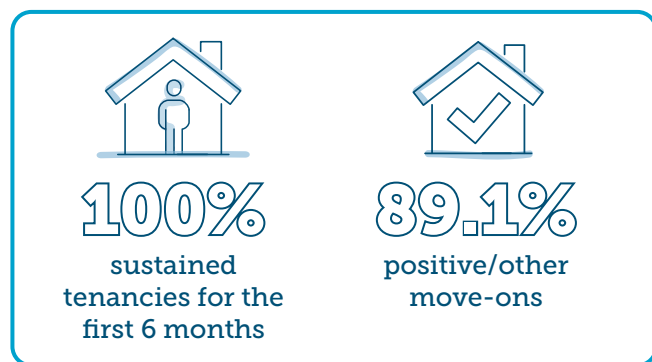
1 IMPROVING HOUSING OPTIONS

Sustained tenancies, especially for the critical first six months after someone moves in, has been constant at 100% for the last five years for RLPF1. This was the same for NHPF1 and RLPF2 that followed, which both included some more vulnerable client groups. This year however saw some early move-ons including eight tenants leaving the property before the completion of a six-month tenancy. Of those early leavers, three moved on to social housing, two to stay with relatives and for three the reason is unknown. None of the early move-ons were negative.

The number of people saving for a deposit has not increased this year and fewer people are considering starting to save for a deposit, perhaps due to the emerging cost of living crisis reducing the money people have available to save. This is also part of a three year trend, which suggests other causes, such as the limited nature of benefits and, perhaps, increasing housing costs and deposits are affecting people's motivation as well as their ability to save.

Of those who have moved on positively from their tenancy:

- 67% moved into private accommodation
- 29% moved into social housing
- 4% moving on purchasing their next property.



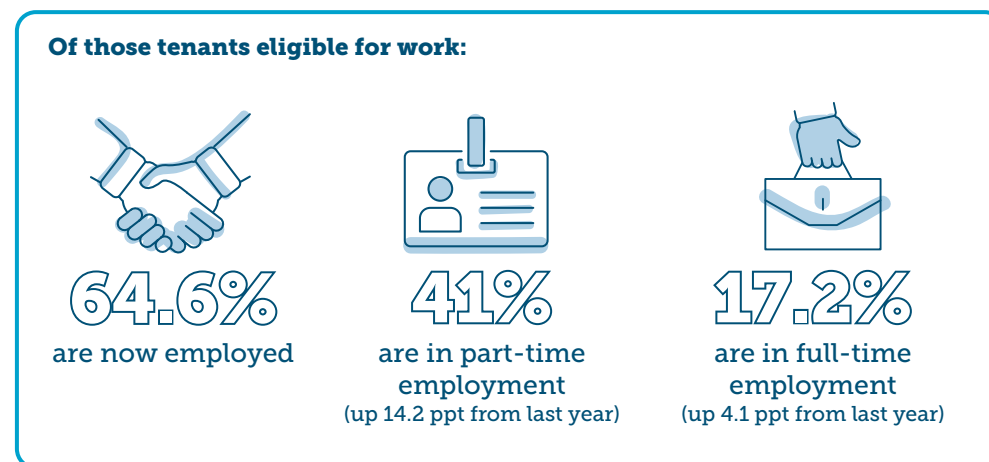
2 PROGRESSING TOWARDS WORK

This year has seen more people in work, both full and part time. Of those eligible for work:

- **Over 41% are in part time employment** (up 14.2 ppt from last year)
- **17.2% are in full time employment** (up 4.1 ppt on last year)

The number of people unemployed within the fund is 35.4%, a decrease of over 17ppt from last year's figures. The only area of employment that saw a reduction in 2021/22 was those people on zero hours contracts (-1.4ppt), something that could be seen as positive, particularly if people have moved to more stable working arrangements. Whilst unemployment is still significantly higher than the national average within the group, the increase recorded this year is in line with the national picture and shows a growth trend greater than that recorded prior to COVID-19.

Of those tenants eligible for work:



3 IMPROVING RESILIENCE AGAINST HOMELESSNESS

The group scores that relate to stability increased or remained stable. **99% of tenants have a bank account**, higher than the national average, although the number of people with a savings account fell by nearly 7ppts.

Over 80% of tenants are registered with a GP (up 2 ppts). Although national percentages vary, evidence¹ suggests that those with a history of homelessness, especially those unable to provide paperwork showing their address history, are often refused registration at GP surgeries. This steady increase in those registered within the fund is hopeful. The introduction of a GP access card² to help those without a history of registration could further improve this measure.

The number of tenants knowing who to contact regarding issues with their property reduced across all areas (repairs (-6.1ppt), neighbourhood complaints (-8.3ppt), benefit issues (-3.9ppt) and problems with rent payments(-4.7ppt)). This year saw a changeover of housing partner for the 99 NHPF1 Bristol properties and their tenants. So this reduction could be as a result of this change but will need to be measured over time.

78.7% (up 2.7ppt from last year) of tenants say their support network and relationships have been positively affected by living in one of the fund's homes. This measure continues to rise year on year and is an important measure as it highlights the important role that a stable home can make, not only on health and prosperity but on positive and supportive relationships. Since it takes time for people to settle into new homes, an influx of people in NHPF2 and Everyone In may mean that we see some reduction in this next year.



80%

of tenants
are registered
with a GP



99.6%

of tenants
have a bank
account



78.7%

of tenant's support networks
and relationships positively
affected by their tenancy

4 STABLE HOUSING FOR CHILDREN

This year the funds provided a home for almost as many children as adults. Housing instability and its interaction with poverty (including the increase in many cases of adverse life events) not only impacts the ability of children to fulfil their potential through school readiness³ and reduces educational attainment⁴, it also increases the number of children who will, in turn end up homeless themselves⁵. Providing stable accommodation with children in mind not only has a direct impact on those within the fund but serves as a preventative measure.



901

children
housed by the
funds this year



48%

of tenants are
children under
the age of 16



78%

of households
have children
living in them

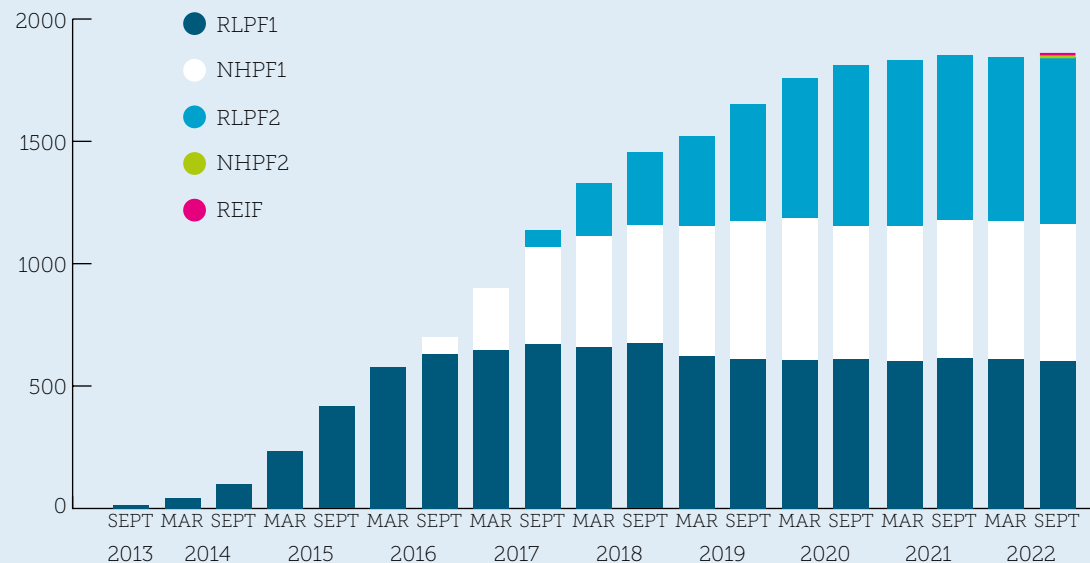


61%

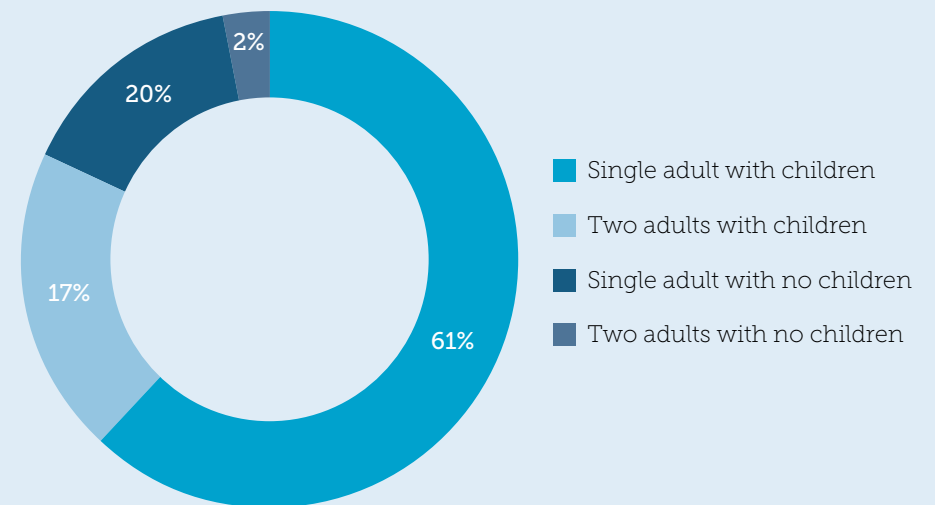
are single
parent families

WHO LIVES IN THE FUNDS' HOMES

Population of the five Property Funds



Composition of Households



78% of households have children living in them – the majority of whom are single parent families. And with children making up 48% of the fund's tenants, the impact of stable housing on children and families cannot be understated.

HOUSING AND HOMELESSNESS: THE WIDER CONTEXT

In the wider context of homelessness, the number of people sleeping rough in the UK has fallen. There were 2400⁶ people estimated to be sleeping rough on a single night in autumn 2021, down 9% from last year and 49% from the peak in 2017 (although this is still up by 38% since 2010). In addition, the number of people in emergency accommodation also fell by over half in the same period last year, whilst the number of people in temporary accommodation was largely unchanged. The decrease is hopeful; however the reduction is at least in part due to COVID-19 restrictions being eased and therefore fewer people taking up emergency places. The number of people estimated to have moved into settled accommodation following emergency accommodation this year is 40% lower than the same period last year⁷. A higher proportion are also leaving emergency accommodation to return to the streets.

Government data showed that homelessness in England increased by 11% in the first three months of 2022. More than 74,000 households in England became homeless or were deemed at imminent risk of becoming homeless between January and March 2022 - including 25,610 families with children⁸.

During this same period of time, 10,560 households in full time work faced or were threatened with homelessness – the highest number of people in full time work recorded as homeless since 2018⁹.

Between January and March 2022:



See p52 of the Appendix for an overview of the UK's cost of housing and housing challenges.



EXPANSION OF THE FUNDS' GEOGRAPHY

As the UK's housing crisis continues to grow nationally, **NHPF2** continues to expand its geographical reach into a number of regions, including London, the South West, South East and North West, enabling it to address regional and more local housing needs and to deliver positive local impact. In line with this, NHPF2 is working with a growing number of expert housing partners with strong footprints in those geographies. This means that people on local social housing waiting lists and living in temporary accommodation can be provided with a decent and affordable home in communities that they know, reducing the risk that they are moved out of the area.



DHI WORKING WITH RESONANCE

"Developing Health & Independence (DHI) is a social exclusion charity working across the South West and last year we helped nearly 12,000 people to turn their lives around. We work with some of the most excluded groups to tackle issues linked to homelessness, poor housing, problematic drug or alcohol use, mental health and social, digital and financial exclusion.

"We became aware of Resonance through the National Homelessness Property Fund 1 in Bristol and began working with them in 2019. Since then, we have taken on the management of 99 Bristol properties in the fund, and are collaborating on an exciting new project to deliver 34 homes to people who have experienced rough sleeping in Bristol.

"In the areas we work in there is a real lack of both social housing and affordable private sector homes of a good standard. Resonance targets investment to tackle these issues and our partnership has allowed us to deliver at scale together. Our shared values and belief that good quality homes are the foundation from which people can fulfil their potential has meant that our partnership has developed really positively and the feedback from residents reflects that.

"With the cost of living crisis and continued withdrawal of COVID related support, more people will require the support of charities like DHI as inequality grows. We feel that by working with Resonance we will be able to develop new and innovative ways of responding to these issues and deliver long-term change for our residents."

David Walton, Director of Housing and Communities at DHI

WHERE PARTNERS ARE HOUSING TENANTS



Bolton
at Home

SHG

solid homes

Wigan
Council

ForHousing

The Greater Manchester Ethical Lettings Agency (Let Us) is a partnership run by a group of not for profit housing providers with a long-established reputation for successfully managing tens of thousands of homes across Greater Manchester. They work with landlords to help them tackle the housing crisis in Greater Manchester by offering the right homes to the right tenants, making more homes in the private rented sector available to tenants who really need them, while minimising risks to landlords through their proven and robust management approach.

🏠 64 PROPERTIES 🧑 9 TENANTS



Developing Health
& Independence

Developing Health and Independence (DHI) is a charity that helps those who are excluded from society, and those at risk, to turn their lives around. Through practical and emotional support, they help their clients overcome barriers and behaviours that isolate them, so they can establish connections and become part of their communities. They provide support around issues such as housing, debt, income, employment and substance misuse.

🏠 101 PROPERTIES 🧑 245 TENANTS



Real Lettings is part of homelessness charity St Mungo's and is a social lettings service set up to help provide homes for vulnerably housed and homeless people. The Resonance Homelessness Property Funds buy residential flats and small houses, which are leased to Real Lettings and then made available to individuals and families who are homeless, or at risk of homelessness.

🏠 823 PROPERTIES 🧑 1,609 TENANTS



Nacro is a national social justice charity with more than 50 years' experience of changing lives, building stronger communities, and reducing crime. They house, educate, support, advise, and speak out for and with disadvantaged young people and adults. They are passionate about changing lives. They never give up. They help around 32,000 people each year.

🏠 30 PROPERTIES 🧑 22 TENANTS

**I LITERALLY
SOFA SURFED FOR
FIVE TO SIX MONTHS.
BUT I WAS RUNNING OUT
OF FRIENDS' SOFAS THAT I
COULD USE, SO I DECIDED TO
GO TO HEATHROW AS IT'S A
GOOD IDEA TO COME TO THE
AIRPORT IF YOU HAVEN'T
GOT ANYWHERE TO SLEEP.
SIMPLY BECAUSE IT'S
SAFE, IT'S WARM."**

TENANTS' STORIES

Matt, London

Matt found himself homeless at 54. He'd previously had a successful and varied career but when he returned to the UK following five years of living in Spain, he was unable to secure employment or a permanent place to live. A period of homelessness followed. However, following the pandemic he was provided with emergency accommodation as part of the **Everyone In** scheme. After three months Matt moved to a hostel before he was offered a home of his own by **St Mungo's Real Lettings**. Matt has been living in and making it homely since then. The stability and safety of his new home has enabled him to put down roots in his new community and find meaningful employment once again.

"I've done quite a few jobs and decided to move to Madrid, and was there for five years teaching English, before I decided to come back. I was 54 when I temporarily moved back in with my parents who were elderly and stayed with them for four to five weeks before I ended up becoming technically homeless.

I literally sofa surfed for five to six months. But I was running out of friends' sofas that I could use, so I decided to go to Heathrow as it's a good idea to come to the airport if you haven't got anywhere to sleep. Simply because it's safe, it's warm. You can be safe there to tuck yourself away in a corner.

I was there for about a year I suppose. I found myself with a group of people who would sleep around the terminals at night, and in the mornings go to libraries, go to McDonald's, and then come back to the airport again in the evenings. So, it was okay. But I was very much thinking, how am I going to get out of this.

I was advised to apply for Universal Credit, which I did get in the end and so every month I used to put myself into one of the local Premier Inn type hotels and for a few nights have a decent bed, decent shower, decent meal from the restaurant, and basically get myself back to normal, but then have to get back to the airport.

Then the pandemic hit. And we were all taken to various hotels in and around London, which was a godsend, to be honest. I spent three months in a hotel in central London, with three square meals a day. After that I was moved to a halfway house hostel-type accommodation and was there for literally three weeks when an opportunity came up for a place in Hendon with Real Lettings. So then I came here. And it's been fantastic. It looked fantastic when I arrived. You know, I've got it how I want it. I've bought various items for the flat, and it's worked out very well. And I'm really, really happy.

Having my own space has been a really good thing for me. I generally tend to do well, when I'm on my own and can sort out my own routine. I've got everything close by or a bus ride away, and there's a couple of tube stations, with good connections into central London, so it doesn't take me very long to get into work as an armed forces welfare officer. And there is a good community spirit around here. Basically, having the space and being able to sort myself out has been a wonderful experience.

Without this place, it would have been particularly difficult, especially because of the pandemic. This place has given me ample opportunity to improve myself and get some work and get into the local area and build contacts here."

Julie, Greater Manchester

Julie and her daughters were among the first people to be housed by **National Homelessness Property Fund 2** partner **Let Us** in September 2021. When she and her family first moved in she described it as "A new start...with all the tools to begin again.". Having been living in her new property for a number of months now, Julie explains why, six months into their stable home in an area and community they know well, this means being back on track as a family.

"I felt very relieved from moving on from being homeless and in the homeless situation. It was all about the children, relief for them. Our new home means stability.

It means being back on track as a family. Without this home we'd still be in temporary accommodation, so existing, rather than having a life. I am proud of moving the children out of a hostel and seeing them change into young adults, as life is about achieving the most for your children.

This home has helped us to be back living within a community rather than a homeless situation and negative environment. And the support I have received was brilliant.

It helped me initially set up the tenancy and helped me deal with any issues including the challenges of getting into the day-to-day running of a household.

My plans for the future are to stay here for as long as possible. I don't want to move again – we are happy here."

Dominic Walker, Lettings and Property Management Officer at Three Sixty (part of Stockport Homes and a partner in Let Us), supported Julie before, during and after her move into her new home:

"It's been wonderful that National Homelessness Property Fund 2 has allowed us to be in a position to assist a family who had struggled through the most unfortunate circumstances and that we were able to offer them secure, safe and stable accommodation in the area where they already had connections.

"Best of all, it's not just a property we're giving someone - it's a home. We can already see the positive changes that access to a stable home has given to this family and I truly hope we can do this for many others in housing need."

**"THIS HOUSE IS
SECURITY, PROVIDING
A HOME FOR MY
FAMILY. TEMPORARY
ACCOMMODATION SERVES
A PURPOSE, IT HELPED ME
WHEN I WAS HOMELESS,
BUT THIS IS A NEW START
WHERE I CAN MAKE A
HOME."**



Paul, London

We first met Paul three years ago when he was 61 and had already been living in one of our properties for around 18 months, having previously experienced homelessness. His new home provided him with stability, and with support from housing partner St Mungo's Real Lettings, he was able to rebuild his life, tackle his alcohol problem and secure employment as a crane lift supervisor.

However, when the pandemic first hit, Paul temporarily lost his job and had to claim Universal Credit for a time. This disruption was challenging for Paul as he needs routine to support his recovery. Thankfully though, after a few months Paul was able to start working again, enabling him to continue to feel secure in his life and tenancy.

Three years on, Paul explains the circumstances that originally led to his homelessness and the transformative impact having a safe, secure home has had on his life since he first moved in.

"I'm still an alcoholic, I'm still sober, I'm still working, and three years on, this is a nice follow up. I was sitting on a bench in Bow. I did one big bottle of cider, and I was looking down the neck of a second bottle and I realised then, that moment of clarity, that if I drank that bottle of cider, I'd be lost to it then, to a life on the streets. And it's then that I took a walk down to the hospital and then said, I need help.


I've been very fortunate, with hard work, but I'm very fortunate to end up where I'm at right now, currently, at peace. I'm at peace in myself right now.

When I moved into the flat in Hackney, it was really nice. I'd been in another property but that was only a short-term, temporary thing. I was on a waiting list: waiting, waiting, waiting. It's not until you get an offer, and you come, and you see, and you view it and it's like "wow!".

You know, it's quiet, I know Hackney quite well, I lived in Tower Hamlets for a long time and everything else, so it's very central to where I was. My family are local and everything else but this flat itself, it's tucked away, it's secluded, a nice little cul-de-sac place and very welcoming, very nice to have.

During the pandemic this place had a massive part to play. I mean, clearly you know, it's my home, at the end of the day. It's where I feel safe. This place had a massive, massive positive effect, you know, given the fact that the country and the world was going through this horrible thing.

My plans for the future, is, I think, just to maintain a status quo here right now, and hopefully the future gets better with the economy and everything else. Live life, save, look to the future. I'm 64 this year. My retirement is looming very quick. I guess see where life goes from there."



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**"ST MUNGO'S
FOUND ME THIS
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AN ABSOLUTE
GODSEND."**

Cliff, Bristol

As a NHPF1 tenant, when the Bristol portfolio of 99 properties was transferred from original housing partner St Mungo's to DHI, Cliff was one of the tenants who experienced the change in housing support services. For Cliff, the transition was a smooth experience and he remains settled in his home.

Cliff ran away from home at 16, and having secured employment in Europe on a boat, he learnt how to sail, ending up travelling across the world, eventually settling in Hawaii and having a daughter. However, following a series of illnesses and complex health issues, Cliff moved back to the UK but struggled financially. After a short time in a private rented property, he is now living in a National Homelessness Property Fund two-bedroom home on his own, as his daughter has recently moved on.

"The last premises I lived in was a private rental home and unfortunately there was a serious issue with the plumbing and sewers and so I had to leave. I had just come out of hospital and was at my wit's end and didn't know what to do. St Mungo's found me this place, which was an absolute godsend.

"They say you need three things in life: food, water, a roof over your head. And if you don't have a roof over your head your ability to mentally navigate life is gone.

"I see people sleeping on the streets and I feel for them. Without this place, I think I'd be in the graveyard across the street. It was a really dark time for me, but this place has given me my life back."

Steve, London

At the initial outbreak of the pandemic, the rough sleeping community was identified as some of the most vulnerable and at risk people. However, in a matter of days, many thousands of people were successfully moved off the streets by councils and homelessness charities and into hotels and other emergency accommodation, as part of the UK's 'Everyone In' scheme. In response to this, and at speed, the **Resonance Everyone In Fund** was created, partnering with housing partner **Nacro**, to provide a refurbished and settled home for around 200 people, just like Steve.

After being kicked out of his home by his dad, Steve described rough sleeping as the only option left for him. He experienced months of depression and addiction, and was forced to quickly learn how to survive on the streets.

"It's one of the worst feelings I've ever had, not having nowhere to go, no one to turn to. I wouldn't wish it on my worst enemy.

"You got other guys on the street, but a lot of them got mental problems. They've just come out of jail for various offences and all that, so you've just got to have eyes in the back of your head. It takes more out of you than people realise."

After recovering from addiction, Steve has now been clean for a year. He's been supported in his move into a flat in Lewisham with Nacro, which provides tenants with a support service to help set down community roots, address any addiction, mental or physical health support needs, and re-engage with education or employment.

"The first time I moved in here I knew it was the right place. I mean, coming from a hostel where you got all them people around you just to my own four walls, it's bliss.

"Normally in London you hear sirens and stuff all over the place, not here, you know. And it was furnished as well, which is a major thing. Otherwise I would have had to sleep on cold floors again. I can't explain how good it is, you know, having my own place."

**"THE
FIRST TIME
I MOVED IN
HERE I KNEW IT
WAS THE RIGHT
PLACE."**



All Resonance impact property funds, including the funds covered in this report, can be understood through the lens of the United Nations Sustainable Development Goals (SDGs).

SDGs are a collection of goals set by the United Nations General Assembly. Each goal has a list of targets, which are measured with indicators to help understand how progress is being made towards the goals.

The homelessness property funds make a significant contribution to six SDGs:



Examples of how the homelessness property funds contribute towards these SDGs include:



Housing insecurity not only damages people's confidence, mental health and wellbeing but, amongst other negative impacts, means their ability to secure meaningful employment is limited. An estimated 96,000 households in England are living in temporary accommodation and 2,440 people are estimated to be rough sleeping on a single night in autumn in England. Thousands of people not only don't have a stable home

to live in but are also unlikely to have the ability to secure decent work. This is where Resonance's property funds come in. By providing safe and stable homes for people to live in, the funds enable tenants to focus on other areas of their lives, including securing decent and regular work and training. In the last year across these funds, and of those tenants eligible for work, more people are now employed than last year: 41% in part-time employment and 17.2% fully employed.

Matt, a tenant who had previously sofa surfed, slept rough in Heathrow airport and spent time in a hostel before being provided a home with housing partner **St Mungos's**: **"Having my own space has been a really good thing for me. This place has given me ample opportunity to improve myself and get some work and get into the local area and build contacts here."**

ReVive, St Mungo's in-house refurbishment and decorating training company gives homeless people who have completed its accredited training the chance to work on live contracts, before being placed into jobs with major construction firms across London.

Three more RLPF2 homes have been refurbished by ReVive this year, in addition to eight refurbished in previous years.



ENVIRONMENTAL IMPACT & TARGETS

There is now global recognition of the need to increase sustainability. With 26% of total carbon emissions in the UK coming from our homes¹⁰, to reach the government Net Zero 2050 target it aims to cut carbon emissions by 78% by 2035¹¹. To achieve this target, the Climate Change Committee¹², which is advising the UK Government, has recommended that all homes should have an Energy Performance Certificate (EPC) rating of C from 2028¹³. For privately rented homes, the government is bringing in legislation that post 2025 all newly occupied homes must have an EPC rating of C or above¹⁴.

Resonance's Homelessness Property Funds identify, purchase, and arrange the refurbishment of properties before they are leased to housing partners. The funds enhance the environmental credentials of each property during the post-acquisition refurbishment and on an ongoing asset management basis through reinvestment and retrofit innovation and grants.

STRATEGY

The property funds are aligned with the EPC target set by the Climate Change Committee and recent government consultation that all properties will have a minimum C rating by 2025.

As part of our overall investment process, the funds assess EPC ratings of properties and review ways to increase them. The aim is to improve the environmental performance of the portfolio and as an ethical landlord ensure that we are enabling affordable warmth for our customers, whilst ensuring compliance with future EPC rating requirements for rental properties as a minimum.

- The Investment Committee requires that upgrades to a C rating are fully costed prior to acquisition for any properties at D or below.
- There is a special exception for 10% of the portfolio to acquire properties that fit within the social impact of the fund where it is not immediately possible to reach a C rating. This is where the costs of upgrade are not viable now but upgrades to the property prior to 2025 are feasible.
- On new build properties and larger conversions there is a target of B Band EPC rating.
- In line with the Green Finance Initiative, which targets lenders to have an average loan book of C band EPCs, the funds will have a weighted portfolio average score of C. This may include no more than 10% of properties with a rating less than C.

MEASUREMENT

There are currently three core metrics - EPC ratings, Carbon Emissions and Utility Costs - that we will assess and report our performance against, as outlined below:

- **EPC ratings** - at acquisition, post refurbishment and potential
- **Utility costs of tenants** - at acquisition, post refurbishment and potential in the future
- **Carbon emissions** - at acquisition, post refurbishment and potential in the future

DELIVERING ON THE ENVIRONMENTAL STRATEGY

Planned Reporting Improvements

Reporting on this will be shared in our annual social impact report with investors. The funds will also be benchmarking sustainability against the recently launched **Affordable Housing Equity Investment Model**¹⁵ which Resonance worked closely on with **Big Society Capital**, the **Good Economy** and other impact managers to design. This will also fit alongside our contribution and benchmarking using **The Sustainability Reporting Standard for Social Housing**¹⁶. In addition to quantitative analysis, case studies of the fund's achievements will be shared, demonstrating where it overperformed versus the requirements and the use of new technologies will help further enhance the portfolio's environmental performance and social impact.

The Fund's EPC Rating

Resonance's portfolio team is currently going through a process of reassessing the EPC rating of RLPF1, NHPF1 and RLPF2. Meanwhile, the properties being purchased by our newer funds NHPF2 and REIF are being refurbished to ensure they meet the minimum C rating. This means energy saving and efficiency improvements including low energy lighting, A-rated gas condensing boilers, high heat retention storage heaters, renewable systems where possible including battery storage, air-source heat pumps and hydrogen fuel cell heating systems.

OUR JOURNEY TO NET ZERO

At Resonance, our business was built in a time when there was a different expectation of the role of business in taking climate action. This context has changed. Today we are clear there is a climate challenge which will require immediate and comprehensive action by our business.

We are committed to improve the short, medium and long-term strategy and business plan of the company, and that this adjustment must embrace the principles of 'just transition' which takes into account people who will be implicated in this declaration.

We must seek to maximise the interests of all stakeholders – shareholders, employees, suppliers, customers, end-tenants, investors, and investees – in the context of a total commitment to doing what is required by the climate challenge.

CASE STUDY: HOW THE FUND HAS IMPROVED EPC RATINGS

In March 2021, the **Resonance Everyone In Fund** acquired this property in Lewisham – a one-bedroom, second floor flat in a private development block.

The property is close to local amenities including shops, supermarkets and other local services, and also has good access to public transport including buses and the tube.

At purchase the property was rated EPC F so, in line with Resonance's target to improve the environmental credentials of all properties purchased to a minimum EPC C rating, the property refurbishment team at Resonance made numerous improvements to the property. This included:

- a full electrical rewire
- new electric heaters
- the installation of a combi-condensing boiler, dual immersion cylinder and high heat retention storage heaters
- loft insulation
- low energy lightbulbs

The property also had new kitchen appliances installed including a fridge freezer, electric hob and oven, and washing machine, and was fully painted and decorated throughout.

These improvements have resulted in a property that now has a more positive environmental impact with a reduced carbon footprint and is far more energy efficient, which should help reduce its every day running costs for the tenant.

Resonance is proud of what it has achieved with this property. However, it also demonstrates the limitations of doing more. For instance, as part of a block, external insulation could only be done with the permission of and funding from other owners. Internal insulation, on the other hand, would reduce the floorspace for the tenant and result in more disruption, including redecoration and moving existing fixtures attached to external walls.

Following refurbishment, the property was handed over to **Nacro** in October 2021. Nacro furnished the property with items such as a sofa, dining table and chairs, bedroom furniture and kitchen utensils and more. This has made it homely, practical and ready for a person who had been rough sleeping, to move into and make their home.





IMPACT IN DEPTH

Last year's report warned about some of the longer-term effects of COVID-19, especially in relation to social inequality and financial insecurity. This year, the learning and discussion points covered in this part of the report reflect the complexity of the times we are in. They fall into three categories:

1

THE BOUNCE

How residents have so far bounced back from the last two years of lockdowns, furloughs and financial uncertainty

2

THE BUMP

What the longer-term effects of COVID and other world events are that can be seen as having an effect on tenants

3

THE CHANGE

The big things the funds have been doing and continue to do, to move forward from these difficult times, as partners, investors and residents look to the future

This analysis was based on data from 54% of tenants who completed the tenancy review (up 4% points on last year). The sample was found to be representative of those currently supported by the funds on all recorded demographics.

1

THE BOUNCE – RECOVERY FROM COVID-19

Last year people living in homes supported by the funds showed considerable resilience, as figures for unemployment, payment of utilities and rent arrears - although affected - were better than expected, compared to national trends. On a number of those measures, this year has seen an improvement, again above what one might expect in comparison to similar groups in the rest of the country.

Employment - getting back to work following the pandemic

Last year the percentage of people living in homes owned by the funds who were unemployed rose for the first time in six years. Over the course of previous years unemployment had reduced by an average of 3 ppts per year. In the last report, however, that trend was reversed and unemployment rose by 8 ppt. This year sees a positive return to the original trend of improvement and in 2021/2022 unemployment within the group fell by 17% points, thus putting the steady decline in unemployment back to pre-pandemic trends - indeed lower than where it would have been if the trend had continued through COVID-19.

This drop in unemployment (and subsequent rise in employment by 17% points) far exceeds the UK reduction in unemployment trend of 3.9% in the same period¹⁷. At the end of the reporting period the UK had one of the lowest rates of unemployment since 1974¹⁸.

Employment in the UK at the end of the reporting period was at 75%¹⁹ compared to 42% for the funds' tenants. This figure includes the 38% of tenants not eligible for work (approx 10 ppt higher than the national average). Of those eligible for work, 64.6% of tenants are now employed.

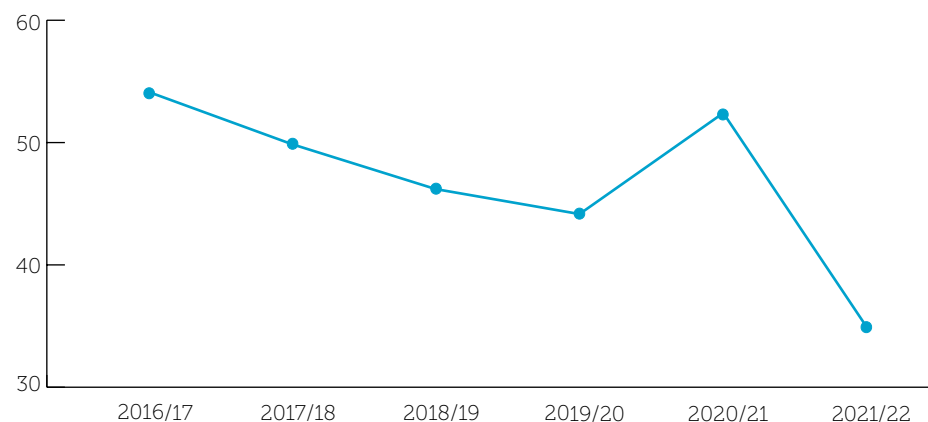
The decrease in unemployment, far exceeding the national average and the large reduction in those eligible for work who are unemployed is a strong indicator of the improvements seen in the lives of those living in these homes.

It is important to see this within the financial context at the time of writing this report. The period covered by these results saw the first increases in inflation and cost of living. With household costs increasing significantly there are concerns that the poorest families are especially vulnerable. A report by Legal & General²⁰ reported that households are cutting back on spending on both essentials (69%) and luxuries (81%). They also report that nearly 2 million adults have no money left each month after spending on essential items. This is a rise of 330,000 in the last two years, with those earning under £20,000 a year most affected. It is therefore plausible that the increase in employment is driven purely by people's need to supplement incomes and accept any paid work in order to make ends meet. This accords with Royal London's Cost of Living report²¹, which found that 5.2 million workers in the UK have taken on extra jobs in order to keep up with the cost of living crisis. Other findings of this UK-wide report include:

- 93% of adults are worried about energy bills
- 89% are worried about the cost of food
- 31% are already spending money they don't have
- 19% are already working a 56+ hour week
- 20% are in crisis or finding it harder to meet basic living costs
- 16% have already taken on an additional job
- A further 30% said they may need to take on an additional job

Anecdotal evidence from housing partners would support this hypothesis and, although any return to work is welcomed, this increase in employment is not mirrored by an increase in those looking to upskill by either study or take part in volunteering.

Percentage of tenants reporting as unemployed



**"KNOWING
THAT I HAVE A
SAFE, SECURE HOME,
A BACKUP SUPPORT
NETWORK IS VERY
IMPORTANT. I'VE NEVER HAD
THAT BEFORE. I CURRENTLY
AM WORKING AS A CRANE
LIFT SUPERVISOR. I LIKE
MY WORK, IT'S FUN."**

PAUL, TENANT

Payment of Rent

Another area of 'bounce' shows itself in the payment of rent. The number of people paying their rent on time has increased by 17.5 ppt. **The number of people in rent arrears has fallen by over 10 ppt. Given the backdrop of financial challenges, this is an unexpected positive for tenants and the funds.**

Explanations might include:

- An improvement in people's financial situation due to a mix of benefits maximisation or increased income, possibly correlated with decreased unemployment. Although due to the taper between benefits and earnings from work this effect is limited. Historically in the funds, there is not a correlation between work and rent payment
- Rent collection has improved. This could be down to the efforts of housing partners. For instance, the transfer of homes in Bristol from management by St Mungo's to DHI meant that there was a driver to transfer tenants free from arrears

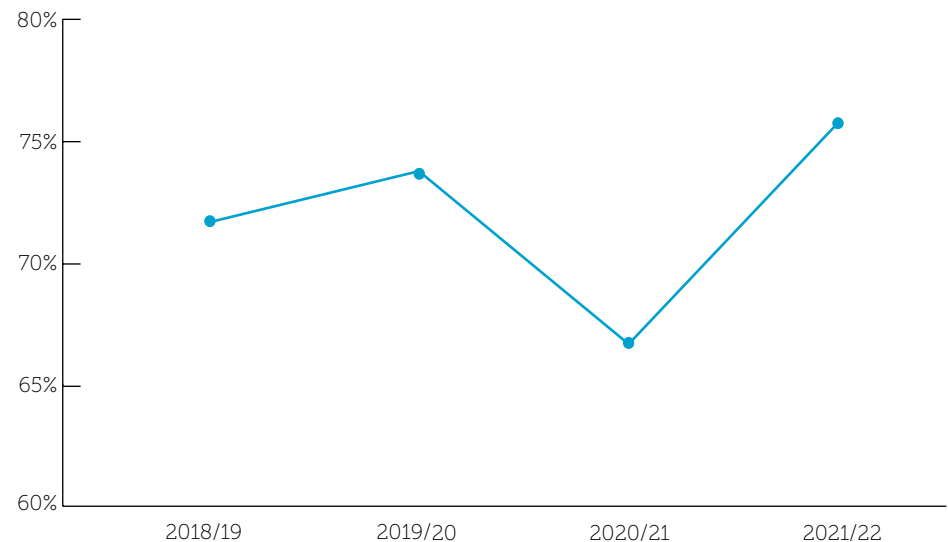
In the wider context, Shelter²² reports that 42% of private renters have seen their rent increase in the last year with 30% saying that they are behind or constantly struggling to pay their rent.

More tenants this year report that they have plans for after they leave their current property. However, very few tenants are saving for their move on, with only 18% of tenants reporting that they are saving for a deposit (roughly half of those who report that they have a savings account). This can again be seen within the national context. Reports released by Yorkshire Building Society²³ this year indicate that 21% of UK households do not have a savings account (compared to 12% in 2019) and that 25% of UK households have less than £100 in savings. With 40% of people reporting stress about their financial situation, the number of tenants saving is encouraging.

Positive about the future

The predictions at the end of last year were that those on lower incomes and in less stable financial positions would take far longer to recover from the pandemic. It was therefore interesting that another area where measures came back, or far exceeded the trends seen before the pandemic, was an increase in positivity and hope. This year saw a 9 ppt increase in the number of tenants who felt positive about their future. Again, this measure saw an increase larger than those pre-pandemic. More tenants reported plans for after their tenancy (+5.7ppt) and felt more confident that they would be able to find another suitable (private rented) property in the future (+5ppt). More people felt confident that they would be able to find alternative employment should they need to.

Percentage of tenants reporting that they were 'positive about the future' by year





2 THE BUMP

Alongside positive trends re-emerging, there were also a number of findings that went against the positive recovery trend.

Although the number of people paying their rent on time has increased, the same cannot be said for those paying other bills. Around 71% of tenants are paying all of their bills on time, however there was an 84% increase in those reporting that they were in arrears with their utility provider (4.5 ppt) although this is still a small percentage of tenants (8.4%). This suggests that tenants have prioritised paying rent over utilities.

Compared with the broader UK wide context this might not be surprising, as Ofgem²⁴ reports that in the first quarter of 2022 3.4 million gas and electricity accounts were already in arrears (before the April 2022 price hike), with an average of £885 owed on a gas bill and c.£900 on electricity bills.

The increases in utility costs seen this year, a major part of broader increases to the cost of living, has hit people on lower incomes far harder and therefore is having a greater impact on tenants within the fund – many of whom are already on lower incomes and are disproportionally impacted by the rising energy prices:

- **54% increase** in household energy bills in April 2022²⁵
- Gas has increased the most; **up by 141% since winter 2021/22**, compared to a 65% increase for electricity²⁵
- Energy price increases will cost the poorest 20% of households an **additional £1,000 - £1,100 more than in 2020/21**²⁵
- **4.5 million people** in the UK use prepayment meters and are likely to face higher annual costs compared to people paying by monthly direct debit, trapping them in 'fuel poverty'²⁶
- Fuel-poor households spend a much greater proportion of their income on fuel, with **some paying up to 30%**, compared to non-fuel-poor households that pay as little as 3%²⁷
- Although not a recorded metric, housing partners report a higher instance of pre-pay energy meters in tenants' homes. People who use prepay meters usually have access to fewer tariffs, pay more for their energy, and are often live in more financially vulnerable circumstances

As well and in part due to the energy crisis and its impact on tenants, at the end of the reporting period (April 2022) CPI inflation was 9% and RPI inflation was 11.1%. The cost of living crisis has been largely driven by the vast increase in fuel and energy costs and the prices charged to consumers, global supply chain disruption caused by the war in Ukraine, the trading changes within Europe, as well as the longer-term effects of the global pandemic. For those with the least resources these can have a multiplier effect with families reporting that the greatest increases they have seen have been in the cost of food, utilities and fuel (in that order).²⁷ Some sources are estimating the effective rate of inflation for those on the lowest incomes as potentially reaching 14%.²⁸

The increase in expenditure is outstripping income with average pay growth of 4.3%²⁹ (expected to rise to 5.8% over the next 12 months) and an average increase in government payments (working age benefits or the state pension) of just 3.1%³⁰.

For the 60% of people within the fund reliant on government payments and the majority on lower incomes (less than 1% of tenants report no government assistance), there is a real cause for concern.

Representatives from all housing partners reported that they are already seeing some of the early signs of this mounting pressure and that more people are reporting using food banks to supplement their income. Those involved in the Tenants Forum so far have also reported that they have concerns about the effects of rising bills in the coming months and are keen to have a clear understanding of what they will be paying, and a record of payments made to help them manage their budgets as changes come in.

- Between 1 April 2021 and 31 March 2022, food banks in the Trussell Trust's UK wide network distributed over 2.1 million emergency food parcels to people in crisis. This is an increase of 14% compared to the same period in 2019/20. 832,000 of these parcels went to children³¹
- 19% of foodbanks reported having to reduce their parcel size because of increasing demand and reduced donations³²
- On 4 July, petrol was an average of 191.6 pence per litre and diesel 199.2 pence per litre compared to an average 104.9 pence for a litre of petrol and 111.7 pence for diesel in May 2020³²
- Average annual grocery bill in Great Britain forecasted to rise by £533.57³²

The most frequent household type in the funds is single parents. Given that 1 in 4 of the people to whom Citizens Advice³³ provided debt support in 2021 were single-parent families, this suggests that the pressure on tenants in that group is significant. The average weekly spending for households with one or more children equalled 69% of their disposable income but this rose to 87% for single parents, the ONS said³⁴.

ADDRESSING THE COST OF LIVING CRISIS

Resonance has created a **Cost of Living Working Group** which has been collating information from our tenants, staff and social enterprises and discussing the ways in which we might be able to offer some support during the cost of living crisis.

This includes our **Cost of Living Resource Hub** - just one small way in which we hope to be able to signpost individuals and families to advice, support and helpful tips on how they might be able to make some savings. Our Hub also provides support and advice to the housing partners and social enterprises we work with.

Additionally, our recently launched **Housing Partner Forum** (see page 48) is providing an opportunity for Resonance and our housing partners to get together to share best practice and designed interventions throughout the homelessness space to drive real change. The first meeting of this Forum focused on one of the biggest concerns tenants have at the current time – the cost of living crisis – and ways in which housing partners can help and support tenants as well as signposting them to additional support from other agencies.

PROFIT THROUGH **PURPOSE**



3 THE CHANGE

This year also saw the funds changing in their operations. The entry and growth of new housing partners, including Let Us and DHI, working together with Resonance to support tenants, has created more opportunities for change. The very real needs of the tenants during the pandemic closely followed by the beginnings of the cost of living crisis has inspired new ways of working.

The 2019/20 and the 2020/21 report made several recommendations to support and include tenants in a different way. This year saw the beginning of a programme of listening and acting on tenants' voices.

Tenant voice

In August 2022 a call out to residents was made via the housing partners, with a good response of over twenty-five residents expressing interest to be involved. Enthusiasm was also high amongst the housing partners, who are keen to support and facilitate engagement where they can. Four drop-in sessions were held with good attendance and some common themes emerging from the tenants, which can be taken forward into the official sessions.

At this point in time eight people have confirmed that they would like to be a part of the Tenant Forum, with the potential of several more to join. The first meeting took place October 2022, meanwhile Curiosity Society is working with Resonance to create a clear channel of communication with the tenants.

Supporting the most vulnerable tenants

Although rent arrears are currently on the decline, a preliminary study into the causes and potential solutions to ongoing persistent arrears has started. Previous research and impact reports have identified that high levels of persistent arrears occur in parallel with other challenges, including physical and mental health difficulties, benefits issues, and broader debts. Speaking with housing partners, learning from research, and via examples from other organisations across the world, the funds intend to understand the complexities of sustained arrears and the economics of homelessness in order to support housing partners and tenants to sustain tenancies.

New housing partners

As well as listening to tenants, this year has also seen the beginning of a greater and stronger team of housing partners. To support their work, share good practice and learn from each other Resonance is aiming to host regular housing partner forums and the learning and growth from that will be reported alongside this report in the coming years.

These changes come amid a growing need for good quality, sustainable and affordable private rented accommodation. The publication of the white paper for the Renters Reform Bill, 'A Fairer Private Rented Sector'³⁵, has already seen a reduction in the number of smaller scale private landlords. The increase in inflation and tightening of fairer housing regulations is likely to see a further decrease in the availability of rented housing. With 30% of all London housing and 18% nationally privately rented, the demand for good quality, affordable private rented accommodation is likely to increase³⁶.

Changing the face of the funds to meet need over time

It is also worth noting that the nature of the funds themselves, especially in relation to the number of families and the structural makeup of tenants. Right at the beginning of the first fund, the majority of tenants were male (56%) and less than 30% of those living in the fund's homes were children. Very quickly this changed as the number of female tenants quickly increased so that by 2015 and consistently since, around 75% of tenants are female.

As new housing partners have joined the funds, the experiences and the geography has changed and now families are supported throughout London, Bristol, Oxford, Milton Keynes and Greater Manchester with further expansion already planned into Liverpool City Region and Devon.

KEY COMMITMENTS

Each year, rather than offering recommendations, the partners work together and with Curiosity Society to identify areas of action for the year ahead. The changes that are helping to shape the fund come from some of these recommendations and they are made based on partnerships, co-creation as well as the information within this report.

For tenants and the funds, we think the key areas for attention are:

1. The upcoming cost of living crisis and its disproportionate effect on tenants
2. Increases in heating costs and the funds' related impact on the environment
3. The changing face of the private rented sector

These commitments respond to and seek to mitigate these areas of concern.

A PREPARING TO SUPPORT FAMILIES THROUGH THE COST OF LIVING CRISIS

As previously discussed, the way that inflation is experienced changes based on the proportion of expenditure on basic needs (food, heating, rent and necessities). Since poorer households spend a larger proportion of their income on these items, they experience inflation more starkly than those with higher income. It is estimated that by the end of 2022, the average rented household will spend a record 54%³⁷ of their post-tax income on rent and household bills. The nature of the funds means that many (if not all) tenants are experiencing the cost of living crisis most keenly. **The Institute for Fiscal Studies estimated that the poorest households experience an inflation rate of around 10% (at the end of this reporting period) in contrast to the richest 10% of households, at 7.9%³⁸.**

Add to this the proportional increase in low-cost food items caused by a lack of availability, the obligation for some tenants to be on pre-pay utility meters due to poor credit scores, and the slower predicted recovery from COVID-19, and it is clear that tenants are facing multiplier effects that severely impact their costs. This year has seen an increase in employment and confidence amongst tenants to find and maintain employment but with income lower than expenditure an adverse financial impact on tenants is predictable.

Resonance and their housing partners are already looking at the effects of the cost of living crisis on tenants.

Resonance rents are already capped to Local Housing Authority (LHA) rates and so rental rates remain low. The next most impactful action therefore is to help tenants reduce bills by ensuring their home is as efficient as possible (see below).

Through the Housing Partner Forum, Resonance and housing partners are already exchanging and collating ideas on how they can support tenants. This has resulted in a joint shared resource centre being created to which all parties have access, to enable them to share up to date best practice, ideas, contacts and sources of information, such as emergency grants and funds available.

Housing providers already have some fantastic initiatives in place to support tenants, and are either sign posting or working directly with tenants to provide them with the most up to date information and support, such as helping tenants negotiate with energy providers with regards debt management. The shared portal allows these initiatives to be shared across all partners.

In addition, Resonance and partners are investigating a wide range of other initiatives such as bulk discounts for tenants on energy and goods and services; relationships with ethical financial providers; additional funds to support tenants with the costs of returning to work.

B**IMPROVE ENERGY EFFICIENCY OF HOMES TO ACHIEVE ENVIRONMENTAL IMPACT AND REDUCE TENANTS' BILLS**

Household energy bills increased by 54% by the end of this reporting period and are set to increase by a further 80% in October with the possibility of a further price rise in January 2023³⁹. The Government Energy Cap provides partial protection until April, and possibly beyond, but most tenants will see their bills increase over the winter as usage goes up.

All the properties purchased by the funds are refurbished to a high standard and environmental considerations are integrated into this process. For example, the recent milestone of the 1000th home bought through the funds in Bolton has a new efficient combi boiler that would result in a reduction of up to 45% in energy costs depending on the age of the previous boiler. The new flooring and quality carpeting will have also improved efficiency as up to 15% of heat escaping a home goes through the floor. The property increased from a D to a C energy performance rating.

Our commitments to date

We are a financial services company, a B Corp and a property owner; we know our emissions in Scope 1 and 2 areas are relatively low compared to many other organisations, such as manufacturers.

We acknowledge our Scope 3 emissions, such as those created by property users and investees will be the hardest to tackle, and in some cases, we will have limited ability to influence them. Nevertheless, we are seeking to rise to the challenge:

- We have set up an internal breakthrough / working group to focus on the issue of 'net zero' and the climate. This was commissioned as part of the commitment of the Resonance leadership team and Board who want see Resonance at the forefront of social investors on climate.
- Consultants have been commissioned to help us identify and focus on our largest sources of carbon in the journey to 'net zero'; this has meant a particular emphasis on how we can reduce the impact of our Property Funds.

- Any approaches we adopt will be done with utmost care and attention to not adversely impact on any vulnerable clients, whilst recognising that low-income communities around the world are those typically most at risk from climate change impacts.
- We are committed to working collaboratively, to following and learning good practice / and industry standards, and listening to our peers. We recognise that no one person, organisation or public body has all the answers.

Our approach to net zero

We own a diverse range of properties from leasehold apartments to freehold housing and the challenge to deliver net zero is not underestimated especially considering the current economic climate, shortage of skilled workers in the sector and the complex legal issues surrounding leasehold properties. Our priorities are to improve the energy efficiency of our existing homes to ensure that they are all 'EPC C' or above by 2025 and to ensure that new acquisitions are built in line with best practice efficiency standards. This will ensure in the short term that our stock is legally compliant while also reducing energy costs for our residents. We're already working with our customers to help them understand how to best operate their homes to tackle climate impact and reduce their energy costs.

We believe that a 'fabric first' approach is the best methodology to approach net zero, a 'fabric first' process to building design involves maximising the performance of the components and materials that make up the building fabric itself, before considering the use of mechanical or electrical building services systems.

We acknowledge that all homes have an energy consumption and until the grid is zero carbon none of our homes will be zero carbon; we will continue to seek to strike a balance between manageable costs for tenants, using the latest technology, and moving to full electrification in preparedness for a low/zero carbon grid.

PROFIT THROUGH PURPOSE

As identified, we are constantly striving to improve EPCs and a journey to net zero. The cost of living crisis and the immediacy of the issues facing tenants, means we have to try and move at a greater pace. This includes doing more work to reduce energy consumption and costs. As a result we are also progressing the following initiatives:

- Improving measurement – we are investigating with our partners how we can capture the energy payment methods of a range of our tenants, so we can use data on how much energy tenants are using and how costs vary between different types of tenants and properties.
- Investigating deeper retrofit and lower carbon or renewable technologies
- Working with our housing partners to consider the potential of buying energy in bulk, or creating energy clubs
- Working with partners and investors, and potentially combining this with government funding like Help to Heat, to move faster on the twin issues of fuel poverty and climate change. Resonance's skills and track record in social investment and collaboration are very valuable here
- Pushing for a regulatory environment that encourages reductions in costs and carbon, for instance by incentivising landlords to improve their homes.

C EXPLORE TENANTS' JOURNEYS AND REVIEW TENANCY LENGTH

As they celebrate the 1000th home purchased, Resonance and housing partners have become increasingly aware of the different needs of individual tenants. They include people living in their first property after being homeless and coming from living on the street, single parents and women exiting abusive relationships, and those who have been housed in temporary accommodation.

Originally the homes were designed to be a relatively short-term solution that provided a few years of stability as part of a longer term journey into private rental outside of a supported environment. Now there are reasons for exploring the assumption of short, fixed term rentals in detail.

Resonance and partners understand that it takes time for people to settle and to understand the impact that a stable home can have on their lives. Progression towards independent housing will take longer if it is new to the tenant and people progress at different speeds.


The average length of tenancy last year was 40 months (at the end of tenancy or the end of the reporting period). Of those who left their tenancy this year 25% left within the first 19 months, however a further 25% left after more than 56 months (more than 4 and a half years) far exceeding the expectation that the initial tenancy length would be two years.

Reports from the initial conversations with tenants looking to make up the new tenants forum have indicated that a two year tenancy in the first instance can feel like a very short space of time and can in some cases feel stressful.

There is also a need to recognise the changing face of private rentals. As referenced above, a report released by Trust for London⁴⁰ in 2022 concludes that there will be fewer landlords remaining in the private rented sector, even fewer of whom will cater to those on smaller incomes or those who rely on support to pay their rent. Housing partners have confirmed that this is an increasing problem. Moving on is becoming ever harder.

To address these issues, Resonance will undertake a review of tenancy length. Rather than take a broad brush approach that might not be suitable for all tenants, it will instead look at the journeys of tenants coming to the fund from different backgrounds and with different needs, so that it can create pathways that suit the tenants who come into the fund now and into the future.

Working with housing partners through the newly created **Housing Partner Forum**, the journeys of tenants will be explored. Rather than think in terms of all tenants being the same, the review will help Resonance to better understand tenants' different journeys, asking which tenants need longer tenure, who might benefit from a more tailored approach and what stability of tenure can mean to parents, people seeking work and those who are at different stages in their journey. The goal is to allow housing partners flexibility and families a stable and consistent home in which to grow. This can then become a more deliberate part of the design of support and messaging to tenants.



**"WITHOUT
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ACROSS THE STREET.
IT WAS A REALLY DARK
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PLACE HAS GIVEN ME
MY LIFE BACK."**

CLIFF, TENANT

HOUSING PARTNER FORUM

As part of our key commitments, our first Housing Partner Forum took place in London in November 2022. Whilst this took place only recently (and after this report's reporting period) we felt it was important to include within this impact report. The ambition of the Forum is to use the collective experience and genuine understanding of the learning partners to drive real change, not just for the property funds and partners, but sharing best practice and designed interventions throughout the homelessness space. The expectation is that the Forum will take place on a six monthly basis in various locations across the UK and that it will evolve over time as more partners join and as it builds momentum, becoming an increasingly interactive and proactive initiative.

Across three separate sessions, the first Forum mainly focused on the cost-of-living crisis, with discussions around measures the housing partners are taking in order to help and support their tenants. Seven housing partners were able to join us in person for all three sessions whilst two housing partners were also able to join the cost of living session online.

"Lovely afternoon spending time with passionate and committed colleagues from different housing associations. A great exchange of thoughts and ideas that felt like a good foundation for the group to build on in the future."

Nic Pomphrey, Service Lead, Nacro

"The Housing Partner Forum presented a unique opportunity for the exchange of ideas, resources and solutions between people and organisations who are passionate about creation of thriving communities through delivery of suitable accommodation. I am looking forward to the next session and opportunities for collaborative work."

Paulina Colomby, Director of Housing and Property, Response

The first session was led by Curiosity Society with a particular focus on the social impact report and trends for our homelessness property funds. The second session saw DHI presenting some of the interventions they are using to help tenants – see examples of **DHI's Key Interventions** opposite. And the final session of the day focused on **Project SAVE** (see page 48 for more information about Project SAVE) and how this impact measurement and management system is being used by housing partners and their tenants.

Feedback from this event was positive and encouraging with everyone who attended gaining from the opportunity to network, share learnings and best practice, and we are excited to develop the Forum further. Detailed learnings from this first Forum will be shared within the next property funds social impact report. The aim is for this Forum to take place every 6 months and to alternate between geographical locations.

Resonance's new Housing Partner Resource Hub was also launched at the Forum. This online tool was created for the funds' housing partners to share ideas and initiatives around supporting their tenants. These include a mix of initiatives partners are either implementing or investigating, in addition to wider industry insights that will help to inform all housing partners as they support their tenants through this crisis.

"It provided a great opportunity to meet with other partners and discuss the impact of the stable housing Resonance's funds provide our clients. We were also able to share thoughts and practices on one of the key areas of concern for our tenants at the moment – the cost of living crisis."

Natalie Giles, Service Manager, Home Turf Lettings, DHI

Examples of DHI's Key Interventions:

- If a property is identified as being cold during a property inspection, the tenant is asked if they've tested their heating for winter. At this point, some tenants may share their concerns about paying their energy bills. This information is fed back to the tenant's Tenancy Sustainment Officer who can ensure tenants are maximising their benefits and are aware of relevant energy schemes available. Tenants are also helped to engage with Clean Slate, a south west based charity offering free financial guidance, training-for-employment and support to people on low incomes and facing crisis.
- A DHI fund can provide data packages to tenants who may be struggling to keep their phone topped up. This enables them to continue to access their Universal Credit journal to prevent their claim from being sanctioned, which would significantly impact their finances.
- Tenants are made aware of how to access foodbanks if they are struggling with the cost of food. DHI also has a fund set aside to purchase essentials for tenants where their lack of food has been identified on a Friday, tiding them over until after the weekend.



PROJECT SAVE

Project SAVE is an impact measurement and management system that Resonance is developing to use with housing partners and their tenants to better allocate resources and improve tenant support. Data and insights – including the delivery and effectiveness of support services – are generated through the system's data analytics and machine learning modelling.

It creates and automates an outcomes framework based on learning from over eight years of property fund social impact reporting, that enables a cash incentive to be allocated to housing partners and into an app-based digital 'SAVE' wallet for the tenant. This wallet helps tenants save for an independent future, and when the time is right, can be turned into cash for a deposit enabling the tenant to rent or buy their next home.

The digital wallet is used to strengthen tenants' resilience, incentivising, and rewarding them for making progress towards independent behaviours. Tenants can see their progress and manage their rewards which include:

- **Cash** – can be saved into a tenant's savings account
- **Vouchers** – can be earned and spent for childcare, physical health – eg joining a local gym, and
- **Digital badges** – recognising specific achievements, training, accreditations and similar

Incentivising tenant behaviour is made possible thanks to investors transferring designated grants into the Resonance 'wallet' and to the unique landlord/tenant relationship.

Blockchain technology ensures the wallet has the highest level of personal data security and the ability to have multiple funding sources flowing to the outcomes those funders most value. It is already demonstrating that it can generate invaluable data on tenant progress, empowering the funds, investors and housing partners to:

- Prove the impact of their tenant support work
- Deepen the way that housing partners engage with the processes of tenant support, progress towards independence and move ons
- Integrate verified impact into the investment process
- Offer stakeholders end-to-end visibility and traceability from receipt of funds to impact outcomes

And the learning capabilities of the system also enable it to be optimised and further developed as new funder priorities, new data streams and new outcome evidence are brought online.

At its simplest, Project SAVE helps incentivise residents to save for a deposit by topping up their own funds when micro milestones are achieved. It will simultaneously enable funders to resource elements that are important to them and support providers to unlock income for essential support to individuals that need it.

USING PROJECT SAVE TO TARGET SUPPORT

The funds have been using data to drive policy since their inception and this report is evidence of that. Looking at the big picture over the year helps to identify best practice, challenge assumptions and design future programmes of work.

What the review process cannot do is identify where support is needed on an individual basis in real time. SAVE uses modelling to target services to individuals and groups most in need of support, allowing preventative work and fast responses to community needs. This directly answers the question of how the funds work to engage the community at a local level when it comes to specific needs.

As well as directly working with groups and individuals with a strong preventative plan the other way that the funds can work to build on their community cohesion is to work alongside communities and give voice to their tenants.



APPENDIX

Three distinct impact strategies have been designed and developed hand-in-hand with our housing partners – homelessness, learning disability and vulnerable women. The property funds are not only housing a mix of tenants and partnering with over twenty specialist housing partners, they are also attracting and raising investment from a wide range of impact-focused investors aligned to the funds' mission to genuinely make a difference in the housing and homelessness sector.

PROPERTY



HOMELESSNESS

5 FUNDS

Real Lettings Property Fund 1 & 2, National Homelessness Property Fund 1 & 2, Resonance Everyone In fund

Having launched our **first property fund in 2013** with housing partner St Mungo's, Resonance's homelessness impact property funds are now further expanding across England and working with new housing partners including Let Us, DHI and Response.

Focused on:

People who are homeless, living in temporary accommodation such as hostels and B&Bs, or who are sleeping rough

32 Current Investors:

Including pension funds, local authorities, trusts and foundations



LEARNING DISABILITY

1 FUND

Resonance Supported Homes Fund

Better long-term lease model for the learning disability sector, this fund launched in July 2020.

Initial housing partners include Reside With Progress and United Response.

Focused on:

Providing housing and specialist support for adults with learning disabilities, autism and mental health issues

4 Current Investors:

Including local authorities, trusts and foundations



VULNERABLE WOMEN

1 FUND

Women in Safe Homes fund

World's first 'gender-lens' impact investment property fund launched in December 2020 to provide a solution to the housing crisis women face.

6 current housing partners include Daizybell/ Winner, Nacro, Refuge, SaferPlaces, Ella's and Stop Domestic Abuse.

Focused on:

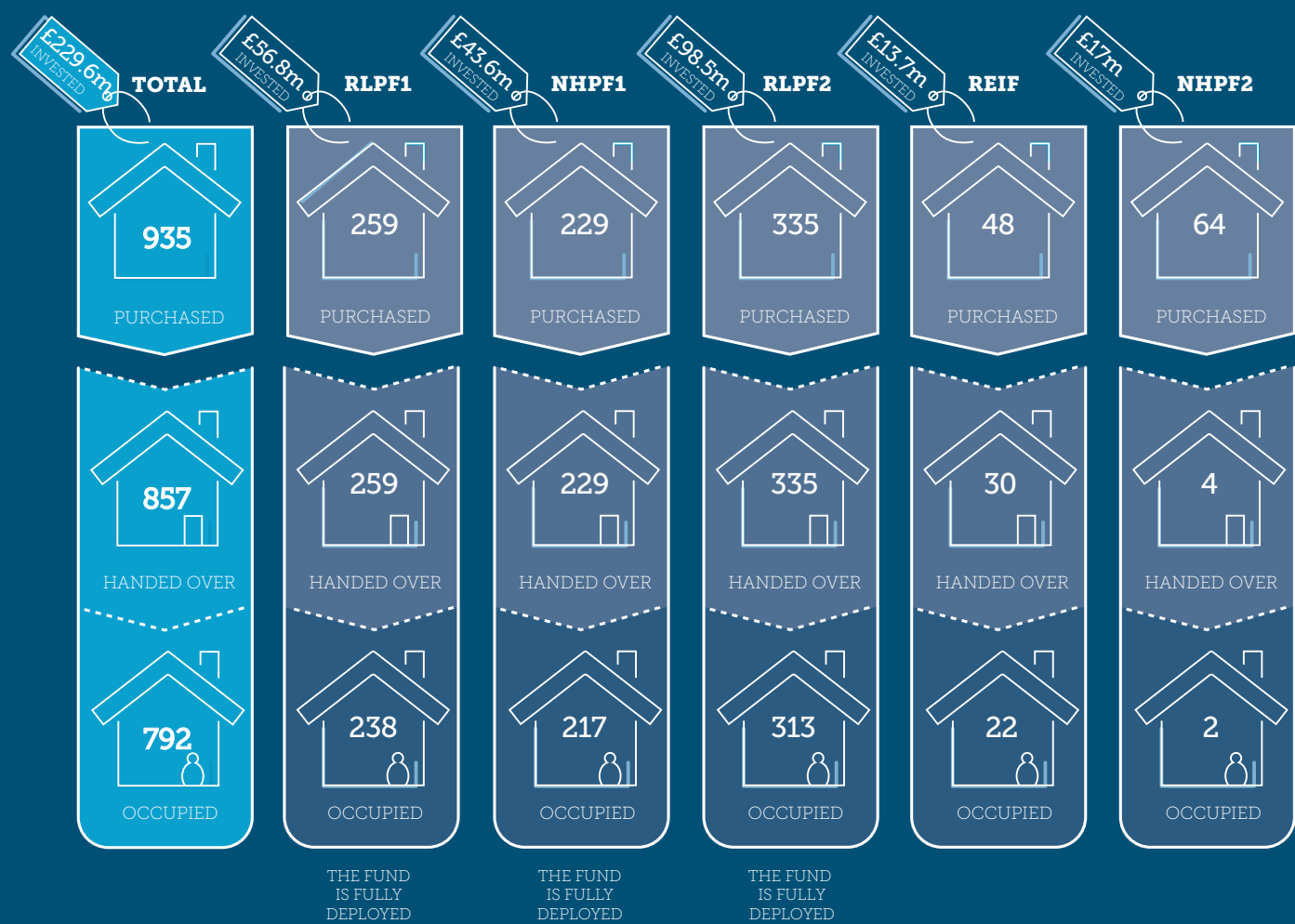
Providing safe, decent and affordable homes for women experiencing domestic abuse and women leaving the criminal justice system

19 Current Investors:

Including overseas investors, trusts and foundations

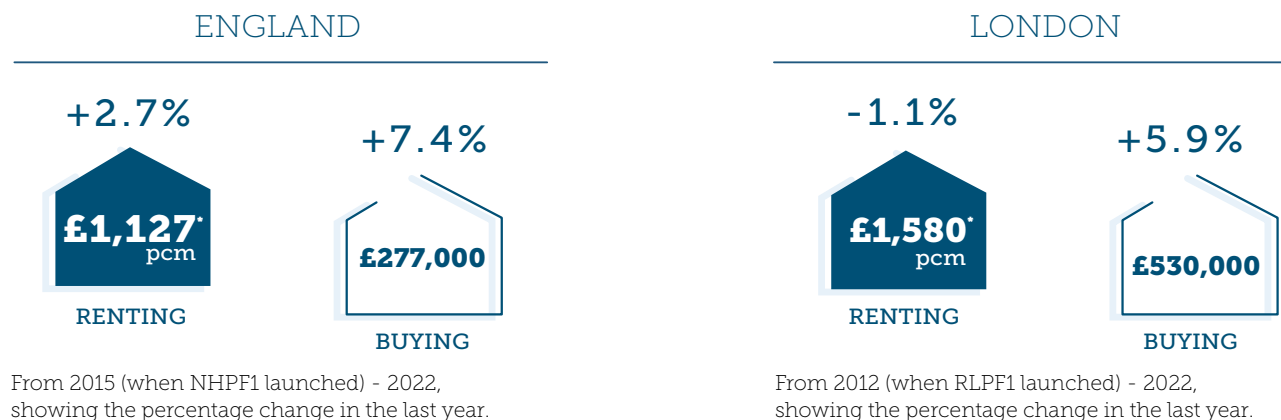
PROPERTIES TO PEOPLE

This page is included to show the number of properties per fund, noting that NHPF2 and REIF are early in their deployment.

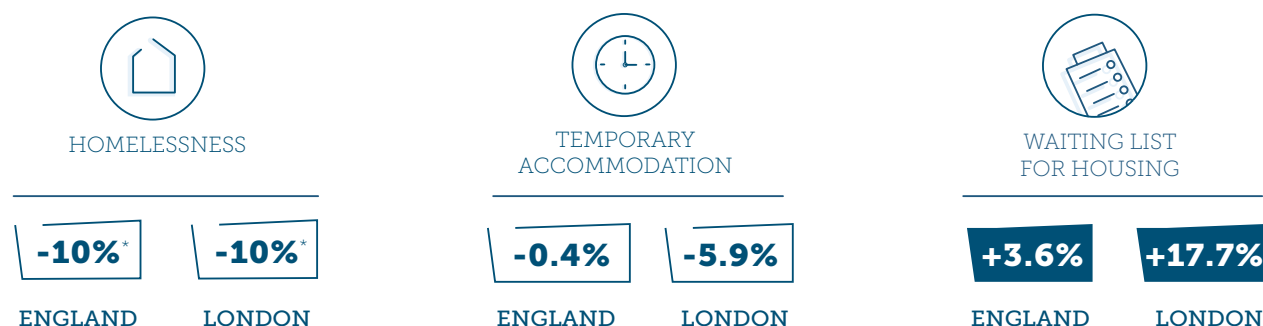


THE CONTEXT THE FUNDS OPERATE IN

THE MARKET COST OF HOUSING



THE CHALLENGE NEEDS FOR DIFFERENT HOUSEHOLDS



* Figure reported via different source from last year as rental changes have been reported in percentages – second figure shows indicative change if calculated using the percentage change as given by same source.



ENDNOTES

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39. Commons Library: Research briefing: Domestic energy prices
40. Trust for London: Local London Renting under Covid

TO FIND OUT MORE ABOUT OUR IMPACT PROPERTY FUNDS PLEASE CONTACT US:

Resonance's FCA regulated fund management subsidiary Resonance Impact Investment Limited (RIIL) creates and manages scalable and diversified residential property funds, that provide life changing housing solutions for people facing housing crisis. RIIL also manages three enterprise growth funds and two community asset funds. These funds invest in social enterprises that support people to rebuild their lives, once they have an affordable home. Since 2013 our funds have raised in excess of £340 million, providing over 1,000 safe and affordable homes for around 3,000 people across the UK.



John Williams
Managing Director of Property Funds

✉ john.williams@resonance.ltd.uk
☎ 07485 311825



Chris Cullen
Property Fund Manager

✉ chris.cullen@resonance.ltd.uk
☎ 07485 311808



Andrew Copson
Head of Property Development

✉ andrew.copson@resonance.ltd.uk
☎ 07734 768330



Eamonn Mullins
Head of Property Acquisitions

✉ eamonn.mullins@resonance.ltd.uk
☎ 07889 213369



Simon Chisholm
Chief Investment Officer

✉ simon.chisholm@resonance.ltd.uk
☎ 07738 026976



Gary Walker
Head of Investor Relations

✉ gary.walker@resonance.ltd.uk
☎ 07704 004240

PROFIT THROUGH **PURPOSE**



☎ 0161 883 2839

✉ propertyfunds@resonance.ltd.uk

Launceston

The Great Barn
5 Scarne Court
Hurdon Road
Launceston
PL15 9LR

Manchester

Suite 707
Bloc
17 Marble Street
Manchester
M2 3AW

We also have dedicated
Resonance teams
based locally in **Bristol**
and **London**

resonance.ltd.uk

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