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RESIDENTIAL SECURE INCOME PLC IMPACT REPORT 2022

NOVEMBER 2022

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This report has been commissioned by Residential Secure Income plc ("ReSI") and has been prepared by The Good Economy Partnership Limited ("The Good Economy"), a leading impact advisory firm, specialising in impact measurement and management.

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Cover photo: Kimbolton Court, Peterborough – Retirement Rentals

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HEADLINE RESULTS

AS OF 30 SEPTEMBER 2022

PORTFOLIO SUMMARY

£383M MILLION
OF INVESTMENT*

IN **3,298**** PROPERTIES

794
SHARED OWNERSHIP
HOMES**

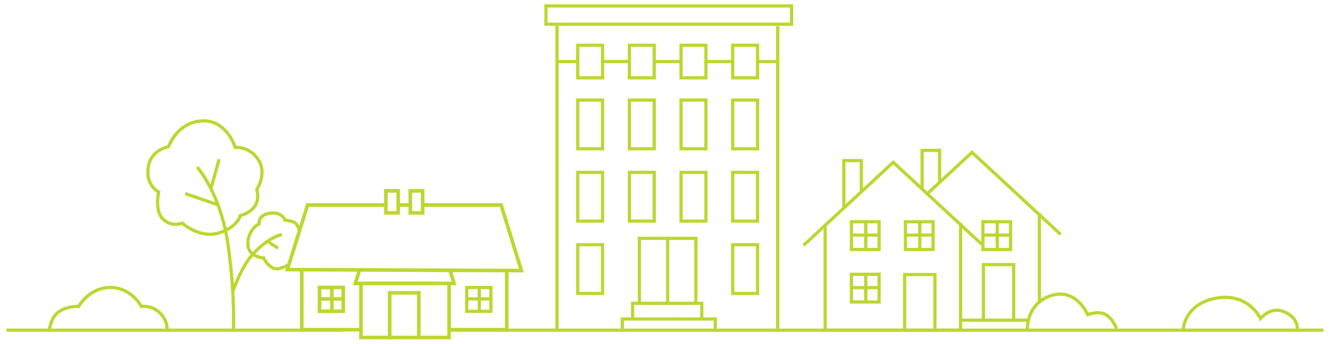
PROVIDING AFFORDABLE HOMES

2,215
RETIREMENT
RENTAL HOMES

PROVIDING SPECIALIST ACCOMMODATION FOR OVER-55s

289
LOCAL AUTHORITY
TEMPORARY ACCOMMODATION UNITS

PROVIDING HOMES FOR PEOPLE AT RISK OF HOMELESSNESS



IMPACT SUMMARY

SHARED OWNERSHIP

96% of homes are affordable at the green and amber levels (see page 24 for grading details)

85% have an EPC rating of C+, and 65% of B+

In 2022, 246 properties were added to the portfolio, including 60 new builds

RETIREMENT RENTALS[1]

113 EPC upgrades

Approximately 27% of residents in receipt of Housing Benefit

Annual rent increases are capped at 6%

LOCAL AUTHORITY TEMPORARY ACCOMMODATION

Is in an area of high need for this type of accommodation

Is in a local authority area with among the highest homelessness rates nationally

Helps to reduce the use of expensive nightly accommodation

*This is the Gross Added Value (GAV) of ReSI's investment into property.
**This includes 14 properties that ReSI no longer owns either the leasehold or freehold for as the tenant has 100% staircased.

1. Data based on a survey of 281 respondents (approximately 11% of retirement rental residents).

EXECUTIVE SUMMARY

ABOUT RESIDENTIAL SECURE INCOME PLC

Residential Secure Income plc (ReSI) is a real estate investment trust that aims to deliver secure, inflation-linked returns by investing in residential properties that help address the affordable housing crisis in the UK.

ReSI invests in three housing types:

1. Shared ownership
2. Retirement rentals
3. Local authority temporary accommodation

As of 30 September 2022, ReSI has acquired 3,298 properties across the UK with a total value of £383m.

IMPACT ASSESSMENT

This report is the third annual Impact Report produced for ReSI by The Good Economy (TGE), an independent advisory firm specialising in impact measurement and management. The report covers the 12-month period to 30 September 2022.

The report provides TGE's assessment of ReSI's performance against its stated impact objectives, as well as the target outcomes to which it aims to contribute.

IMPACT OBJECTIVES

The areas under the direct control or influence of ReSI. These objectives frame ReSI's intention to contribute to a change in outcomes.

Contribute towards

OUTCOMES

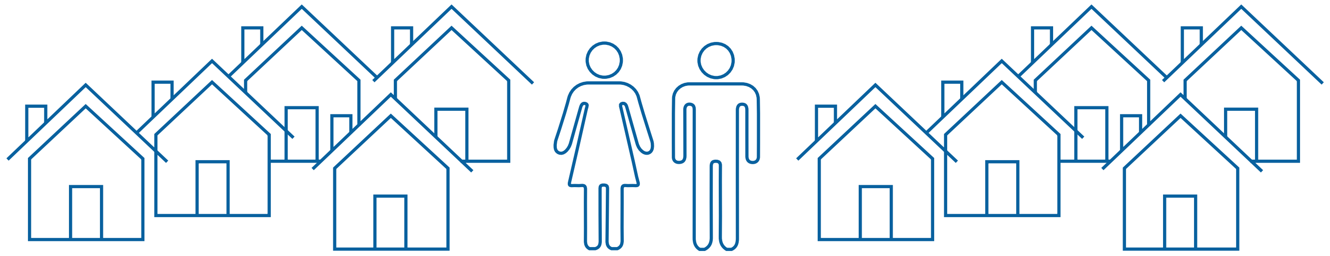
The outcomes of accommodation for the people living in ReSI's homes. These are contingent on many factors, one of which is the activities of ReSI.

Shared Ownership
Greater stability
Reduction in housing expenditure caused by below market rate rents

Retirement Rentals
Greater independence
Alleviation of loneliness and improvement in resident health
Equity released for other needs

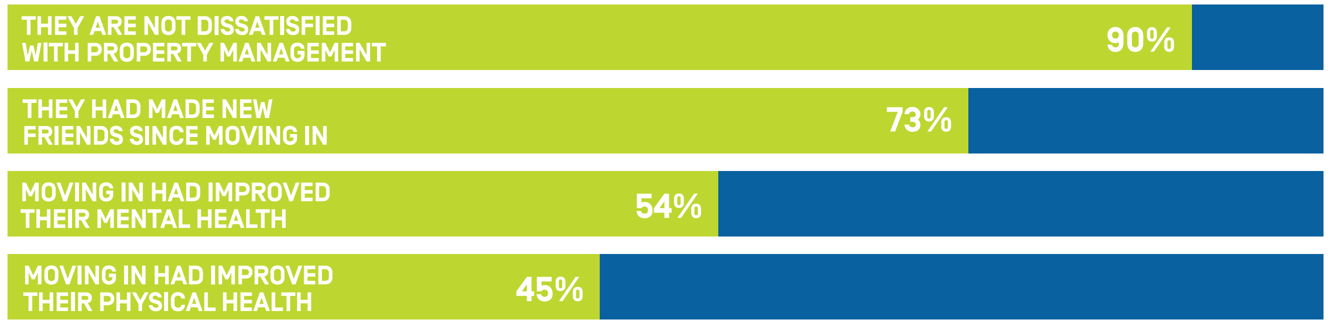
Local Authority
Greater resident wellbeing
Value for money for public purse

Energy Usage
Reduced energy consumption from residents
Lower energy bills for residents



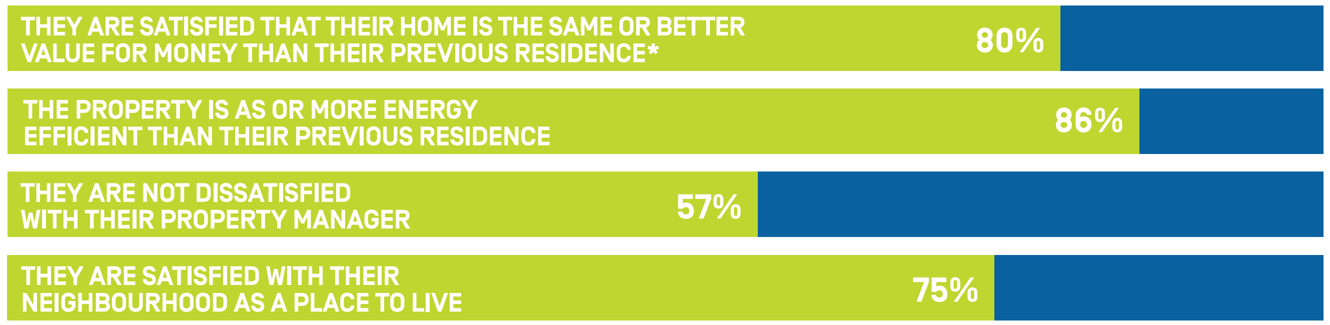
SURVEY RESULTS: RETIREMENT RENTALS

SINCE MOVING IN, RESIDENTS REPORTED THAT:



SURVEY RESULTS: SHARED OWNERSHIP

SINCE MOVING IN, RESIDENTS REPORTED THAT:



* For this analysis the response option "neither satisfied nor dissatisfied" was interpreted as "the same value for money" (26%).

IMPACT SUMMARY

SHARED OWNERSHIP

Address social need: 68% of properties are in areas of high demand where the house price-to-earnings ratio is higher than average for England and Wales.

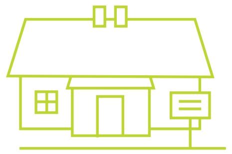
Affordability and value for money: 96% of homes are affordable at the green and amber level on TGE's person centred affordability test (see page 24 for grading details).

Quality partnerships: Most of the residents that TGE spoke to are satisfied with their housing management experience to date.

Increasing supply: 246 properties have been added to the Fund since September 2021, of which 60 are new builds (24%).

Improve energy efficiency: 85% have an EPC rating of C+, and 65% of B+.

RETIREMENT RENTALS



Address social need: Although the homes are not targeting a financially underserved group they address a need for purpose built housing for retirees.

Affordability and value for money: Rent levels are set in line with market rates, however ReSI has capped rent increases at a level below inflation, to ensure properties remain affordable to residents.

Quality partnerships: My Future Living has an in-house wellbeing team that provides specialised support to its residents.

Increasing supply: There have been no significant changes to the portfolio in the last 12 months.

Improve energy efficiency: The proportion of properties with an EPC of C+ has increased from 87% to 93% in the last 12 months.

LOCAL AUTHORITY TEMPORARY ACCOMMODATION

Address social need: Consists of two blocks in Luton, an area with one of the highest rates of housing need in the country.

Affordability and value for money: The properties are leased at market rates to the Luton Borough Council and Mears.

Quality partnerships: ReSI leases one of the properties directly to Luton Borough Council, and the other to Mears who lease on to Luton Borough council.

Increasing supply: No new properties have been acquired in the last 12 months.

Improve energy efficiency: There has not been any change in the energy efficiency of these properties in the last 12 months.

CONCLUSIONS AND RECOMMENDATIONS

In the last 12 months ReSI has increased its impact by expanding the number of shared ownership properties in the Fund's portfolio. These properties are contributing to meeting the need for more affordable, shared home-ownership solutions. The majority of the portfolio (two thirds), continues to be retirement rentals. These are managed responsibly and meet a market need for purpose built housing for retirees; however, TGE considers this tenure to have lower levels of impact as it is not targeting a financially underserved demographic.

STRENGTHS

Increased supply: ReSI has increased the amount of affordable housing in the fund. 246 shared ownership properties have been acquired – of which 60 are new build.

EPC upgrades: 61% (113) of the directly rented retirement rental properties that were rated EPC D at the beginning of the financial year have been upgraded to C or above.

Quality management: A higher proportion of shared ownership and retirement rental homes are being managed by ReSI's in-house property manager, Resi Property Management Limited (RPML). This gives ReSI greater influence over the services provided and increases the ease with which residents can direct their queries to the right place. When surveyed, residents living in properties managed by RPML reported high levels of satisfaction.

Quality of new build shared ownership properties: TGE was impressed by the quality of the new build shared ownership properties it visited. In addition, the shared ownership residents that TGE spoke to in the properties were very impressed how spacious and high spec they are.

POTENTIAL RISKS AND AREAS FOR IMPROVEMENT

Temporary accommodation housing: ReSI leases temporary accommodation units to Luton Borough Council, both directly and with Mears as an intermediate lessee. The nature of the lease agreement between ReSI and Luton Borough Council results in the Fund having minimal exposure to resident outcomes and the quality of support being delivered. Therefore, there is a risk that the properties are not having the impact that ReSI intended upon investment.

Retirement rentals rents: Although the rents are lower than average for the sector and ReSI has capped rent increases below inflation, they are set at a level that is largely unaffordable to lower income households as per TGE's affordability assessment. Nevertheless, 27% of residents use housing benefits to pay their rent – evidencing that some properties can be afforded by lower income residents.

Retirement rental fittings: Many of the residents TGE has spoken to in retirement rentals have reported that, although overall they are very pleased with their home, they would like the showers and heating systems to be upgraded.

- Many of the showers are currently over baths, which are difficult to access for people with mobility issues.
- All the properties are fitted with electric heaters. Many of these are of an older specification and block heaters, which many residents reported to be inefficient and heat the properties at the wrong time of day.

ReSI are taking steps to address these resident concerns with the replacement of the least efficient heaters ongoing and 60 shower-bath replacements each year.

1 INTRODUCTION

ABOUT RESIDENTIAL SECURE INCOME PLC

Residential Secure Income plc (ReSI or the Fund) is a real estate investment trust (REIT) that aims to deliver secure, inflation-linked returns by investing in residential properties that help address the housing crisis in the UK.

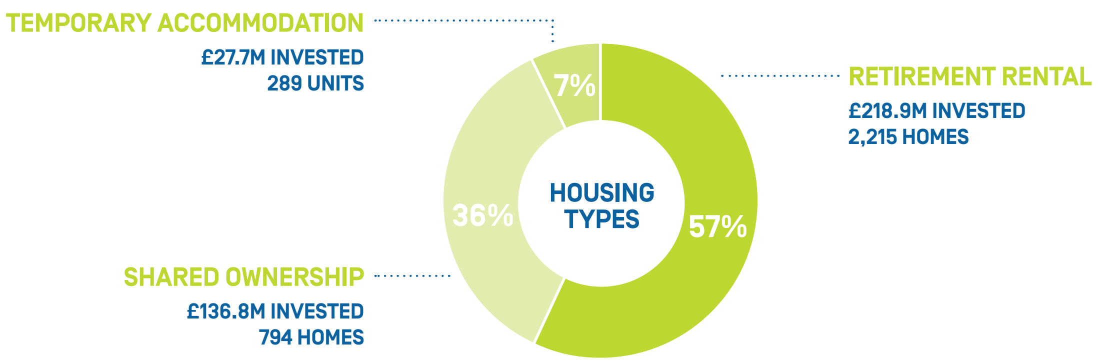
In July 2017, ReSI was launched on the premium segment of the Main Market of the London Stock Exchange, raising £180 million in its IPO. In February 2022, ReSI raised a further £15m from investors through a fund raise. As of 30 September 2022, ReSI has acquired £383m worth of properties, with £136.8m of this amount invested in shared ownership properties (794 homes) £218.9m in retirement rental properties (2,215 homes) and £27.7m in local authority temporary accommodation (289 units). ReSI now owns 3,298 homes across the UK.

ReSI is managed by ReSI Capital Management Limited, an alternative investment fund manager that is part of the Gresham House group. Gresham House, a specialist alternative asset management business with more than £7bn in Assets Under Management, acquired ReSI Capital Management Limited as part of Gresham's acquisition of TradeRisks Ltd in March 2020.

ReSI invests in three housing types:

1. **Shared ownership**
ReSI acquires shared ownership homes from developers and housing associations. Shared ownership aims to improve access to property asset ownership for households that cannot afford to purchase a home outright. It is a part-buy, part-rent model with subsidised rents and low deposit requirements. While demand for shared ownership homes is high, there is potential for residents to be liable for service charge, repair, and staircasing costs, which can be burdensome. As part of its aim to drive best practice across the shared ownership sector, ReSI has developed its Shared Ownership Customer Charter and Shared Ownership Environmental Charter, which aims to protect residents from these risks.
2. **Retirement rentals**
ReSI acquires homes which provide rented accommodation for retired residents who do not require significant on-site care. This tenure provides many benefits for people over 55. It allows them to maintain their independence, potentially frees up equity from the sale of previous homes, fosters a sense of community by offering shared spaces and communal activities among residents, and offers fit for purpose attributes such as hotlines for emergency aid in every room.
3. **Local authority temporary accommodation**
ReSI has acquired temporary accommodation which is leased to a registered housing provider and local authority. The local authority uses these homes to house individuals and families who are at risk of homelessness. Local authorities in England have a duty to secure accommodation for unintentionally homeless households and provide support which facilitates them securing long-term stable accommodation.

Figure 1: Portfolio overview – % of capital invested by tenure type



TOTAL HOMES: 3,298 TOTAL INVESTED: £383M

THIS REPORT

This is the third Impact Report produced by The Good Economy (TGE) for ReSI. It provides an independent assessment of the Fund's impact performance, covering the 12-month period from 1 October 2021 – 30 September 2022.

TGE focuses its assessment of RESI's impact performance on two dimensions:

1. Whether ReSI is achieving its defined **impact objectives** – the specific objectives and targets within the Fund's direct control or influence.
2. Whether stakeholders are experiencing any **measurable positive change in outcomes** that ReSI has contributed towards.

Methodology

TGE uses a mix of quantitative and qualitative data to inform this assessment. This included:

- Analysis of ReSI's portfolio data
- Interviews with ReSI staff
- Interviews and feedback gathered from partners and stakeholders, including housing partners, managers, and suppliers
- Two site visits - shared ownership properties in Croydon and retirement rentals site in Weston-Super-Mare
- 13 interviews with residents
- 251 survey responses from retirement rental residents
- 110 survey responses from shared ownership residents.[2]

(See Appendix 1 for further detail)

This report forms ReSI's disclosure against the Equity Impact Project (EIP) (see Appendix 3). The EIP is a common framework that enables investors to measure, manage and report on the impact of equity-based investments in social and affordable housing.

2. 45 responses from RPML residents and 65 responses from MTVH residents.

2 IMPACT ASSESSMENT FRAMEWORK

IMPACT GOAL: ReSI aims to increase the provision of housing by providing long-term capital to developers, housing associations and local authorities. This enables the delivery of high quality, safe and energy-efficient homes while ensuring long-term stability of tenure.

THEORY OF CHANGE

The Theory of Change (ToC) describes how the activities undertaken by the Fund lead to social and environmental outcomes. Within the ToC model, impact can be viewed as the change in these outcomes caused by ReSI – either partly or wholly.[3] The ToC highlights how impact created interacts with global ambitions through Sustainable Development Goals (SDG) linkages.[4] See the ToC below, highlighting the key steps that must take place along the impact value chain.

ACTIVITIES – the actions that ReSI is taking

- Raising capital from investors with aligned interests
- Building relations with RPs and other strategic partners
- Financing of new affordable housing development
- Acquisition of tenanted shared ownership properties from housing associations
- Providing in-house property management services through RPML
- Development of a net zero strategy in partnership with an environmental consultant

OUTPUTS – the direct result of the actions of ReSI

Shared Ownership Outputs
- Door opened to home ownership
- More affordable housing brought into the market
- Households have lifetime security of tenure
- High quality property management service provided by RPML

Retirement Rental Outputs
- Retired households living with peers and with onsite support
- Retired households housed with long term security of tenure
- High quality property management service provided by RPML

Local Authority Housing Outputs
- Fewer people homeless
- Greater stability of accommodation
- Reduction in local authority use of emergency hotels

Improvement in EPCs
- Retrofit works across all housing types, where needed

OUTCOMES –the changes that directly impact peoples lives

Shared Ownership Outcomes
- Improved stability through security of tenure for those that cannot afford to buy in the open market
- Reduction in housing expenditure caused by below market rate rents

Retirement Rental Outcomes
- Greater independence
- Alleviation of loneliness and improvement in resident health
- Equity released for other needs

Local Authority Housing Outcomes
- Improved resident wellbeing
- Value for money for the public purse

Energy Usage
- Reduced energy consumption from residents
- Lower energy bills for residents

3. Adapted from IFC and CFA.
4. The UN Sustainable Development Goals are 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were adopted by all United Nation Member States in 2015 and are intended to be achieved by 2030.

Contribution towards SDGs

RESI PROPERTY TYPE	RESI OUTCOME AREA	PRIMARY SDG ALIGNMENT	SDG TARGET
Shared ownership	Stability through security of tenure	11 Sustainable cities and communities	11.1 – By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.
Retirement rental	Alleviation of loneliness	3 Good health and well-being	3.8 – Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Local authority	Resident wellbeing	3 Good health and well-being	3.8 – Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
	Suitability of housing	11 Sustainable cities and communities	11.1 – By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Impact-tied incentives

ReSI sets and assesses the achievement of impact targets in staff performance review appraisals. These targets are tailored to the individual, depending on their role, and are linked to discretionary bonuses. Examples of the Fund's impact-aligned incentive goals include:

- Improving the environmental efficiency of buildings
- Ensuring ReSI's shared ownership Charters are followed
- Enhancing client reporting to incorporate more ESG metrics and content
- Ensuring ESG risks are appropriately reviewed and reported on for new investment opportunities
- Enhancing the Housing Team's ESG Decision Tool.

TGE views impact-tied incentives as best practice and hopes that ReSI will continue to establish impact-aligned incentives that have a greater focus on creating positive impact over mitigating negative impact.

IMPACT OBJECTIVES

Impact Objectives are the specific aims that ReSI has direct control over, and the mechanisms by which the Fund creates changes in outcomes.

Assessment against the below objectives provides useful insight into ReSI's impact. The objectives demonstrate the intent of the Fund and can enable it to be held accountable for its decision-making.

Address Social Need

Target developments which address social need:

1. Shared Ownership: making shared home ownership accessible in areas with high levels of unaffordability for the local population.

2. Retirement Rental: providing specialist accommodation to allow independent living.

3. Local Authority Temporary Accommodation: providing homes for people on housing waiting lists.

Affordability and Value for Money

Ensure developments are affordable within market context:

1. Shared Ownership: addressing barriers to property asset ownership for low- and middle-income households.

2. Retirement Rental: providing rental homes that are affordable to the over 55s.

3. Local Authority Temporary Accommodation: providing Value for Money for welfare and public care budgets.

Quality Partnerships

Ensure partners deliver quality services and outcomes for residents:

1. Shared Ownership: providing quality homes and management.

2. Retirement Rental: supporting residents with on-site assistance.

3. Local Authority Temporary Accommodation: supporting residents into long-term accommodation.

Increasing Supply

Drive delivery of affordable housing that would otherwise not be delivered:

1. Shared Ownership: bringing more homes into the affordable housing sector.

2. Retirement Rental: offering homes to meet the needs of the demographic.

3. Local Authority Temporary Accommodation: responding to demand for temporary housing.

Improve Energy Efficiency

Across all housing types, the Fund is aiming to maximise energy efficiency, taking steps towards becoming carbon-neutral.

Briary Court, Isle of Wight – Retirement Rentals

OUTCOMES

Outcomes highlight where ReSI intends to deliver social and environmental benefits.

ReSI's impact objectives contribute toward outcomes which depend on many factors – including ReSI's activities (see ToC). The outcomes identified for the Fund are all areas ReSI can contribute towards.

IMPACT OBJECTIVES

The areas under the direct control or influence of ReSI. These objectives frame ReSI's intention to contribute to a change in outcomes.

Address Social Need

Provide Affordability and Value for Money

Build Quality Partnerships

Increase Supply

Improve Energy Efficiency

Contribute towards

OUTCOMES

The outcomes of accommodation for the people living in ReSI's homes. These are contingent on many factors, one of which is the activities of ReSI.

Shared Ownership
Greater stability
Reduction in housing expenditure caused by below market rate rents

Retirement Rentals
Greater independence
Alleviation of loneliness and improvement in resident health
Equity released for other needs

Local Authority
Greater resident wellbeing
Value for money for public purse

Energy Usage
Reduced energy consumption from residents
Lower energy bills for residents

STAKEHOLDER MODELS

ReSI forms partnerships with a range of organisations when investing capital into the housing sector. The specifics of its partnership model vary between the three property types that the Fund invests in.

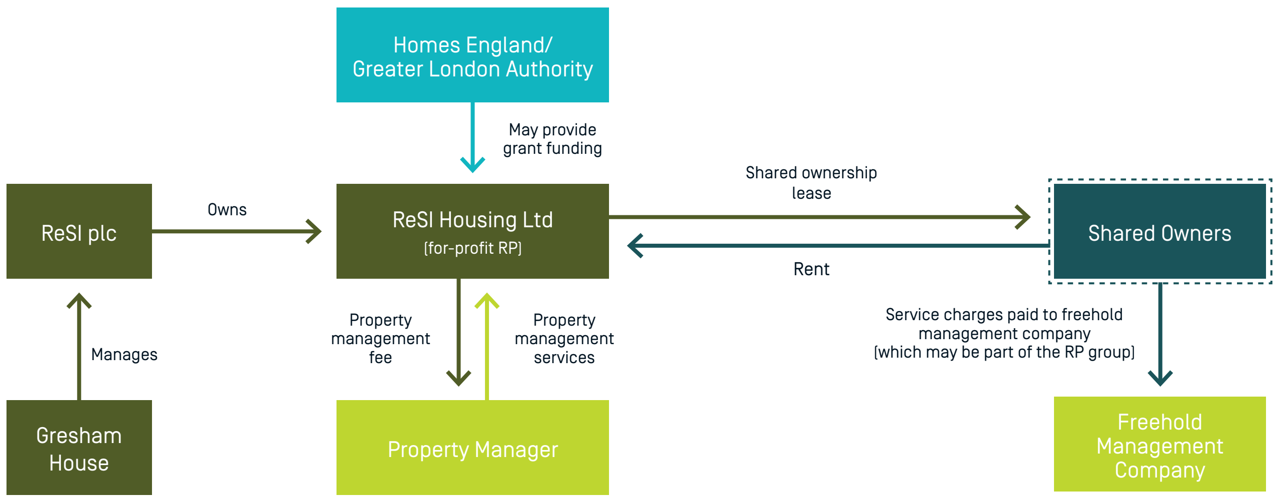
ReSI Housing Limited

ReSI's wholly owned subsidiary, ReSI Housing Limited, is registered as a for-profit Registered Provider of Social Housing (RP). As an RP, ReSI Housing can acquire affordable housing subject to Section 106 planning restrictions and housing funded through government grants.

Through this subsidiary, ReSI purchases a combination of new build shared ownership and existing stock from other RPs. From the perspective of the RP, the sale of shared ownership properties provides a means of raising capital to invest in the development of more affordable homes.

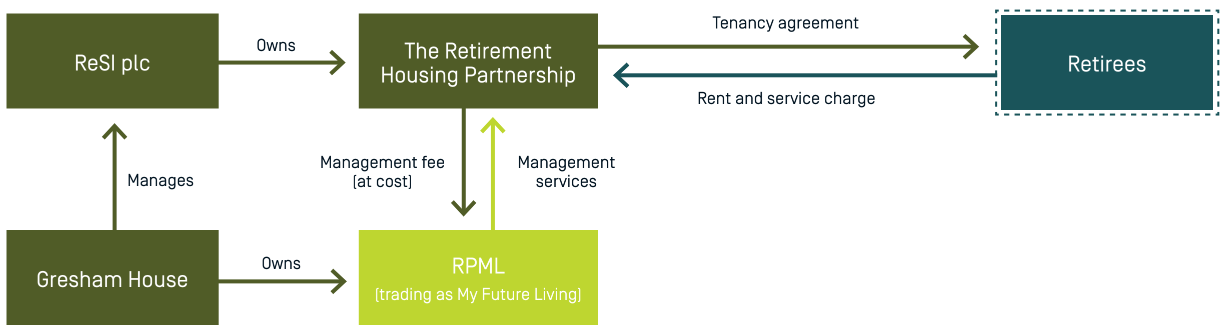
Shared ownership

63% of shared ownership homes in the portfolio are either managed by ReSI's in-house property management team, ReSI Property Management Limited (see box above) – while the remaining 37% are managed by Metropolitan Thames Valley Housing (MTVH), an external property manager.



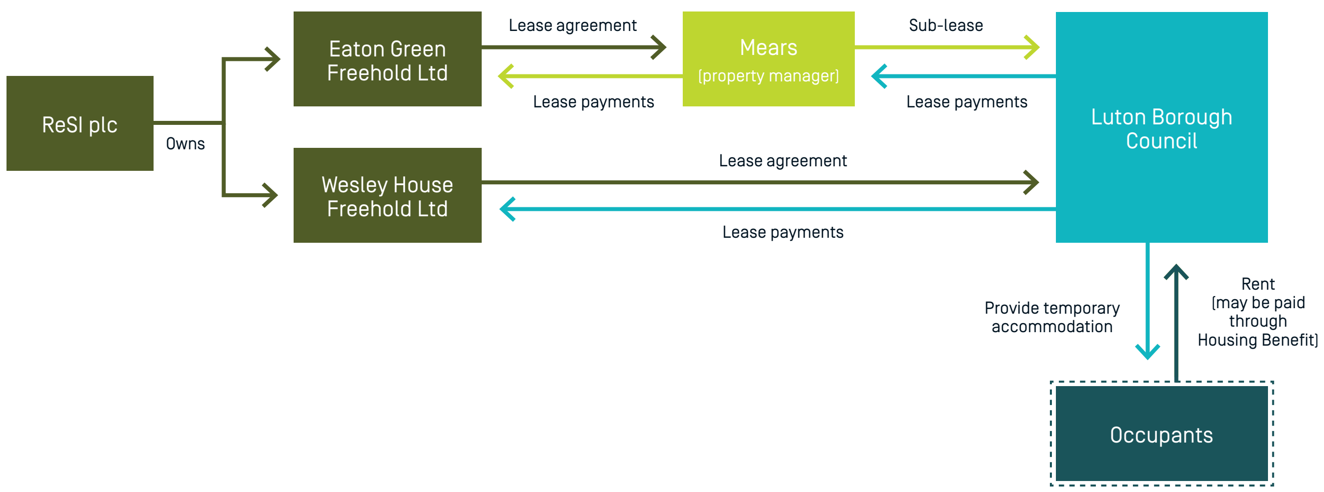
Retirement rentals

ReSI owns a nationwide portfolio of retirement properties, via a property holding company. The majority of these (86%) are managed by an in-house team that trades as 'My Future Living', while 13% are managed by FirstPort Retirement Property Services. The leases for these properties are directly between a property manager and the residents.



Local authority temporary accommodation

ReSI's subsidiary property company holds the freehold for two developments in Luton. It leases directly to Luton Borough Council for Wesley House, and leases to Mears, which then sub-leases on to Luton Borough Council, for Eaton Green Court. Residents are residents of the local authority.



3 PERFORMANCE AGAINST IMPACT OBJECTIVES

PROVIDING HOMES TO MEET A SOCIAL NEED

All of ReSI's residential investments aim to meet societal needs. The Fund seeks to contribute to solutions for the following issues: barriers to property asset ownership, the provision of appropriate rented accommodation for elderly people, and homelessness.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI targeting developments which will address social needs?	Number of properties	Overall: 2,708 Shared ownership: 196 Retirement rentals: 2,223 Local authority: 289	Overall: 3,005 Shared ownership: 498 Retirement rentals: 2,218 Local authority: 289	Overall: 3,298 Shared ownership: 794* Retirement rentals: 2,215 Local authority: 289
	Shared ownership: Affordability ratio (average house price to average earnings) in local area	89% of properties in the least affordable local authorities (Local authorities with affordability ratios greater than the national average)	70% of properties in the least affordable local authorities (Local authorities with affordability ratios greater than the national average)	68% of properties in the least affordable local authorities (Local authorities with affordability ratios greater than the national average)
	Retirement rentals: resident survey analysis	N/A**	76% would recommend renting in retirement 81% had made new friends 67% were attracted by an assured lifetime tenancy***	84% would recommend renting in retirement 73% had made new friends 98% valued the assured lifetime tenancy as important ****
	Local authority temporary accommodation: Number of households on local authority waiting list	Luton: 13,077 on waiting list out of 78,900 households or 16.6% (compared to national average of 5.1%)	Luton: 13,215 on waiting list out of 78,900 households or 16.7% (compared to national average of 5.1%)	Luton: 12,077 on waiting list out of 77,600 households or 15.56% (compared to national average of 5.1%)

*This includes 14 properties that ReSI no longer owns either the leasehold or freehold for as the tenant has 100% staircased.
**A 2020 resident survey was carried out by Girlings. However, different response options were used, negating comparability.
*** Based on 281 respondents, representing approximately 13% of the portfolio. Survey carried out by My Future Living.
**** Based on 251 respondents, representing approximately 11% of the portfolio. Survey carried out by My Future Living.

Summary

Shared ownership: These properties are meeting a need for shared home ownership solutions. This is reflected in the high occupancy rate and the 78% of surveyed residents reporting that they would not have been able to own a home without shared ownership. ReSI could consider increasing impact by further targeting its new builds to the areas with the highest need.

Retirement rentals: ReSI's portfolio of retirement rental accommodation is helping to meet the needs of older residents who do not want to worry about maintenance or upkeep. However, it is not targeting a financially underserved demographic.

Temporary accommodation: The two blocks of temporary accommodation are in Luton, which has the highest rates of homelessness nationally outside of London. However, their size risks safeguarding issues between residents.

Shared ownership

100% occupancy of the Fund's shared ownership homes demonstrates demand across investment areas.[5]

TGE uses local affordability ratios to assess the level of need for shared ownership properties in the local authorities. This measure compares an area's median house price with median full-time earnings. Of ReSI's 794 shared ownership properties, 68% are in local authorities with a worse-than-average affordability ratio (9.0). 100% of the Fund's homes are located in areas with a house price to earnings ratio of more than 5,[6] which is the level at which the average property becomes unaffordable to the average worker, demonstrating a need for affordable home ownership.[7]

Whilst the affordability ratio is the Fund's primary method of assessing place-based need for housing, other indicators such as the home ownership rate and changes in house prices and income can also be used (Table 1). There is, however, a need to contextualise these metrics alongside one other.

Table 1: Indicators of need for shared-home ownership by six local authorities with the largest proportion of ReSI's shared ownership properties

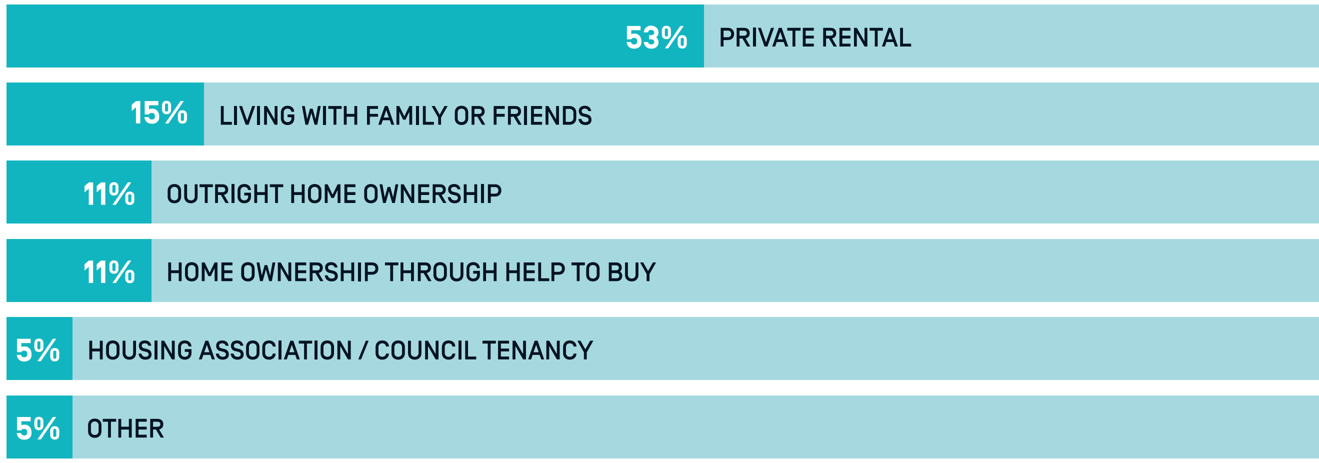
LOCAL AUTHORITY AREA	PROPORTION OF SHARED OWNERSHIP PORTFOLIO	AFFORDABILITY RATIO*	HOME OWNERSHIP RATE[8]	DIFFERENCE BETWEEN THE AVERAGE YEARLY CHANGE (%) IN MEDIAN HOUSE PRICES AND INCOME (5 YEARS)*
England and Wales median	N/A	9.0	68.3%	2.5%
Lambeth	17%	13.75	35%	-2.0%
Croydon	16%	11.42	60%	2.3%
Swindon	8%	7.89	65%	3.5%
Babergh	5%	10.65	72%	3.9%
North Norfolk	4%	10.54	72%	2.3%
Barnet	4%	16.1	60%	2.7%

*Residence-based earning used.

5. Excludes properties bought in Q4 of the financial year as many of these properties have not been on the market sufficient time to sell.
6. 95% of local authorities across England and Wales have a ratio above 5.
7. Assuming a first time buyer has a 10% deposit and is able to borrow 4.5 times their salary.
8. % of households in the Local Authority that own their home. The median only applies to Local Authorities in England.

Overall, 46% of the Fund's properties are in areas where the difference between the yearly change in house prices and income is less than the median. This indicates that the affordability ratio of properties in these areas is increasing more slowly than in other local authorities in the UK. 43% of properties are in areas with higher-than-average home ownership rates. Together these findings indicate that some of the areas of investment may not have a high need for shared-home ownership housing solutions compared to the national need. However, 100% of ReSI's shared ownership homes are located in local authorities where the average income is insufficient to afford the average property (affordability ratio above 5), evidencing a demand for affordable housing. A need for affordable homeownership opportunities across investment areas was demonstrated by the survey, in which only 22% of respondents reported that they would have bought a home if had not been for the shared ownership scheme (see Figure 2).

Figure 2: Proportion of surveyed residents, by type of accommodation if they had not had access to shared ownership

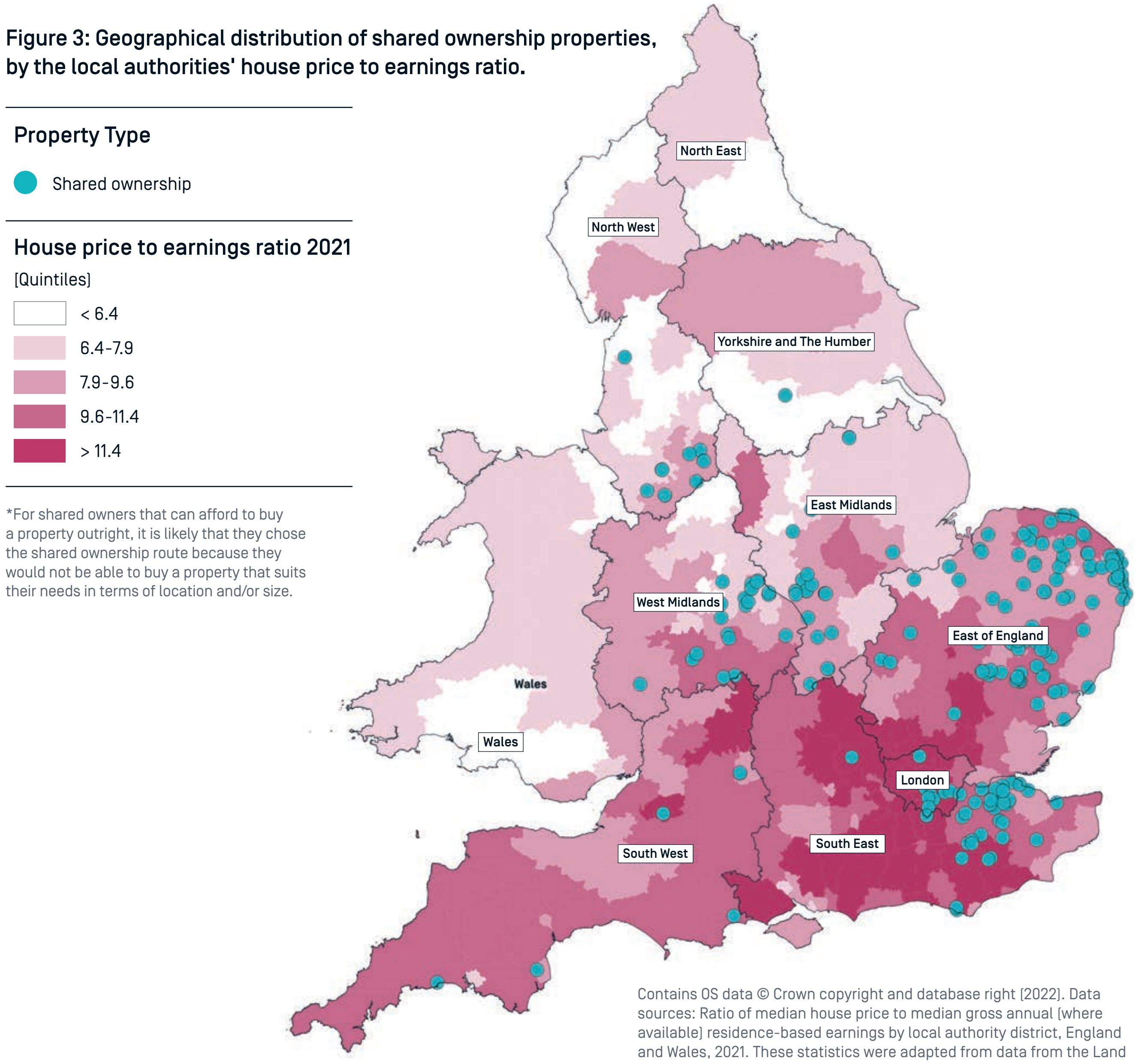


To make it easier for residents to build up more equity in their homes the Fund created the ReSI Shared Ownership Plus scheme. This aims to make 'staircasing' to 100% ownership more affordable by removing extra costs and allowing shared owners to staircase in increments of 1%. 16 residents (2%) took advantage of this opportunity during the year, including 10 residents who staircased their property to 100%. Of the six residents that partially staircased, five (1%) staircased by 1% indicating they were taking advantage of the Shared Ownership Plus scheme. Survey responses indicated that the proportion of people staircasing might increase in future years, with 30% of surveyed residents reporting that they are very or fairly likely to staircase in the next five years.

30% surveyed residents reported that they are likely to staircase in the next five years.

One resident commented that it does not make sense for her to staircase with the ReSI Plus scheme as the house price is increased by 3% each year following the initial year, which is usually higher than the house price increases in her area. This may be the case for a number of ReSI's investment areas, given that house prices across the UK increase at very different rates. The 10 places in the UK where houses prices have increased the most since 2022, have seen increases of between 8.9% and 10.2% per year on average. The 10 places that have seen the lowest house price growth, on the other hand, have experienced yearly increases of 0.6% and 1.3% on average.[9] Since ReSI introduced the scheme (2019) the annual average national house price increase has been high with 85% of local authorities seeing house price growth of more than 3% per year. Residents who staircased using ReSI Plus in these local authorities will have benefited significantly from being able to acquire equity in their property for less than the market value. However, this was an exceptional period, with increases between August 2018 and August 2019 at just 0.7%. Residents who do not live in local authorities where it is beneficial to staircase using ReSI Plus are able to staircase without it; however, this has additional costs which can make staircasing in small increments financially nonviable. Therefore, although TGE views the ReSI Plus scheme as good practice, given that house prices are expected to stagnate or drop in many parts of the country, TGE recommends that the Fund attempts to spread the benefits of ReSI Plus equally across residents by tailoring it to regional differences.

Figure 3: Geographical distribution of shared ownership properties, by the local authorities' house price to earnings ratio.

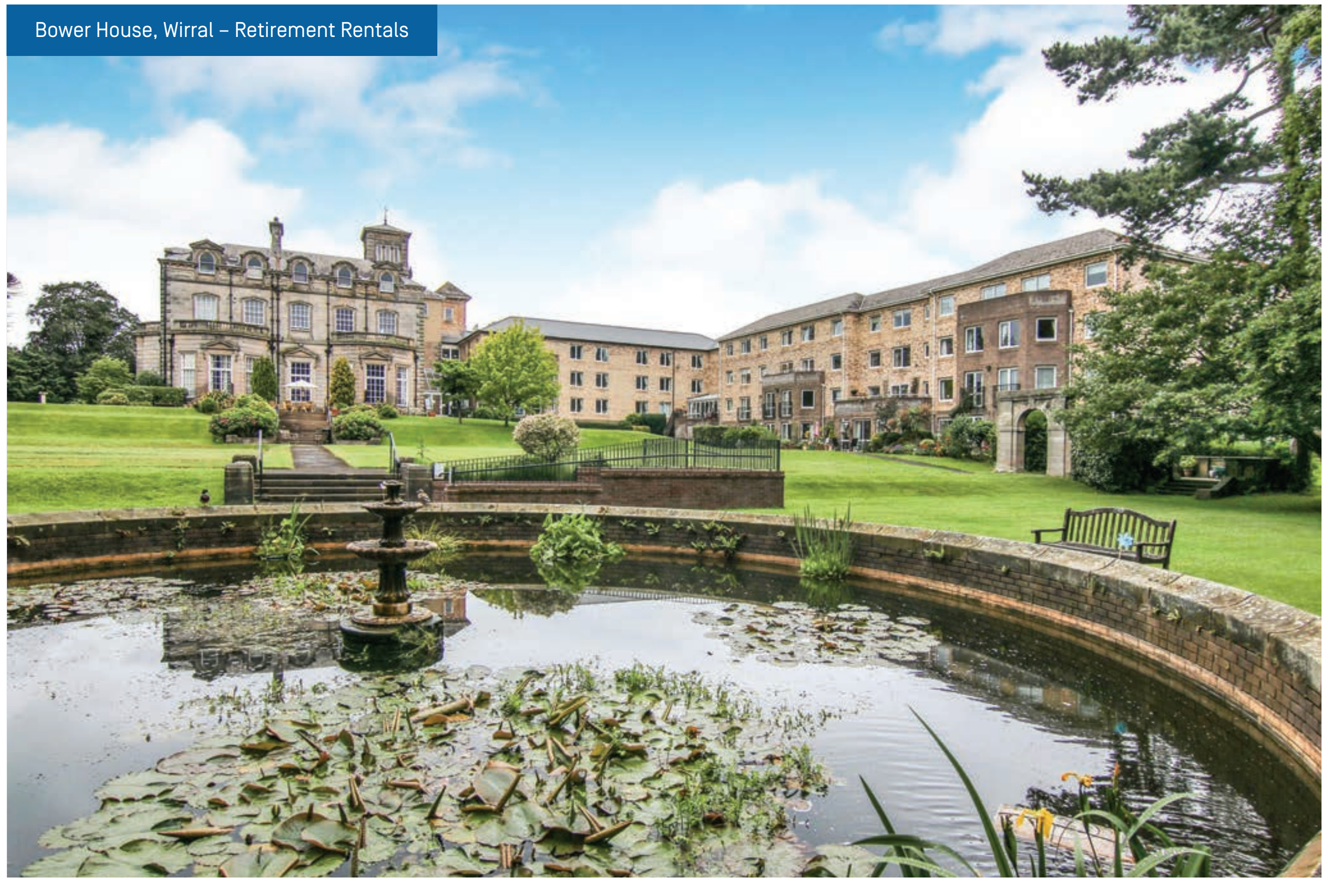


*For shared owners that can afford to buy a property outright, it is likely that they chose the shared ownership route because they would not be able to buy a property that suits their needs in terms of location and/or size.

Contains OS data © Crown copyright and database right (2022). Data sources: Ratio of median house price to median gross annual (where available) residence-based earnings by local authority district, England and Wales, 2021. These statistics were adapted from data from the Land Registry licensed under the Open Government Licence v.3.0.

9. 24housing.

Bower House, Wirral – Retirement Rentals



Retirement rentals

Through its stock of retirement rental homes, ReSI provides homes for retired people who do not require significant levels of care on-site. ReSI believes its portfolio of retirement rental properties accounts for approximately half of the UK's stock of this type of housing.

85% of the properties are rented on an assured tenancy. This gives residents complete security of housing, which is particularly important to retirees who may struggle to source appropriate housing if evicted. Most of the remaining 15% of residents are on assured shorthold tenancies (ASTs). ReSI may offer a potential resident an AST if they do not meet its affordability criteria. This enables the resident to access the properties and prove over the period of a year that they can reliably cover the rent, whilst also ensuring ReSI does not exceed its risk threshold.

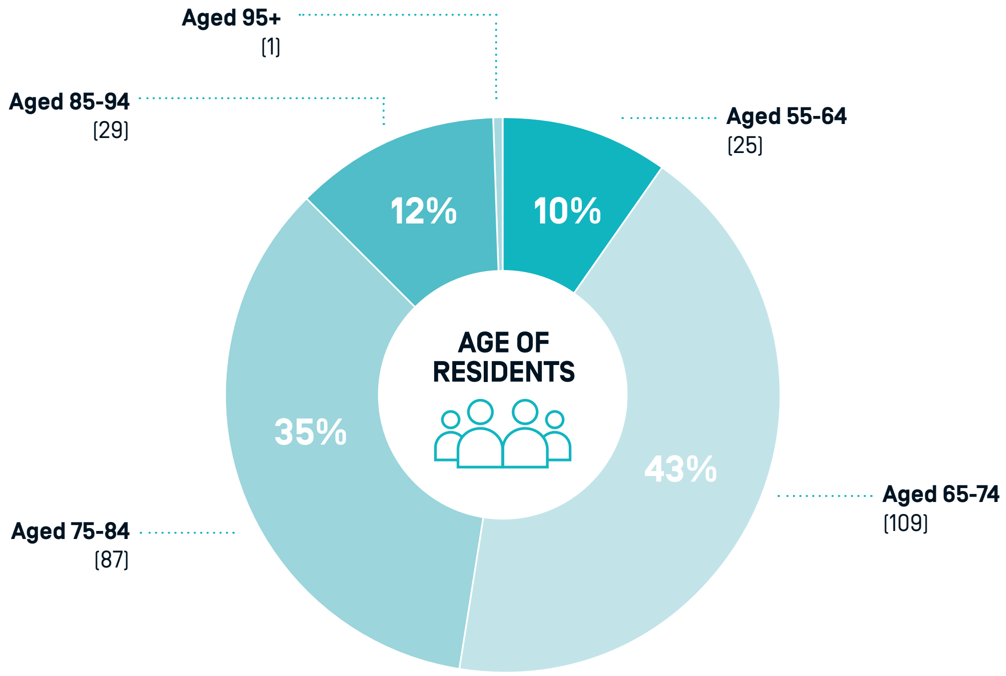
This housing is rented in line with market rates and therefore is not targeting a financially underserved group (see the Affordability section on page 26 for further details and the Impact Risk section on page 44 for an outline of the impact risk). Nevertheless, this type of accommodation provides additional benefits to older people, including secure tenancies, support of My Future Living's Tenancy Welfare Team, and a low level of maintenance concerns.[10]

The positive impact of the provision of these benefits is demonstrated by 54% of surveyed residents reporting improved mental health since moving in. In addition, 73% of residents reported making new friends since moving, indicating a possible decrease in loneliness due to living amongst other retirees.

The average age of residents is 79 and the average length of tenancy is 4.9 years.

10. Secure tenancies and low levels of maintenance where the two aspects of retirement rentals residents valued most according to the tenant surveys.

Figure 4: Age of retirement rental residents (survey results)



Local authority temporary accommodation

ReSI's portfolio of local authority temporary accommodation is for people at risk of homelessness. It consists of two blocks in Luton, an area with one of the highest rates of housing need in the country. According to a report by the charity Shelter, in 2021, one in every 66 people in Luton are experiencing homelessness, including more than 3,200 people who are living in temporary accommodation arranged by the council.[11] This places Luton as the local authority with the highest rates of homelessness nationally, outside of London. In addition, Luton is classed as one of the most deprived local authorities (by the Indices of Multiple Deprivation). Luton is therefore under continual pressure to meet the housing needs of homeless people and asylum seekers. ReSI have informed TGE that Wesley House is the main resource available to the Council for providing temporary self-contained accommodation by those likely to qualify for, and are waiting for, a permanent council or housing association rented home.

Although these properties are meeting a pressing housing need in Luton, TGE has concerns about the number of homes within each property – Eaton Court Green has 155 beds split across four properties and Wesley House has 106 beds. Due to the vulnerability of the residents, having so many people at risk of homelessness in such proximity risks safeguarding issues occurring and pre-existing mental health problems being exacerbated. Although safeguarding matters are the responsibility of the Council, ReSI will report any safeguarding issues identified during site visits to the relevant property manager. ReSI has told TGE that when safeguarding issues have been reported, in the case of anti-social behaviour, the Council has responded quickly.

Safeguarding risks can be further mitigated by limiting access for each resident to the whole of the building – e.g. each resident only has access to the floor that they live on – and having a system in place for allocating rooms to ensure the vulnerabilities of each resident are taken into account – e.g. not housing multiple people with the same issues in close quarters or having a separate area for housing vulnerable women.

11. Shelter, Homelessness in England 2021.

PROVIDING AFFORDABILITY AND VALUE FOR MONEY

ReSI aims to ensure that its homes are affordable to mid to low earners.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI ensuring that accommodation is affordable or provides value for money within the local market context?	Shared ownership: TGE affordability calculation	Affordable to 42% of local households	Affordable to 65% of local households	96% of homes are affordable at the green and amber levels*
	Retirement rentals: Stakeholder interviews	Market level rates; approximately 22% of residents in receipt of Housing Benefit	Market level rates; approximately 22% of residents in receipt of Housing Benefit	Market level rates; approximately 27% of residents in receipt of Housing Benefit

*In 2022, TGE created a new affordability tool as part of the Equity Impact Project. This tool assesses the proportion of properties that are considered affordable according to a fixed definition of affordability (see description in the section below), whilst the previous tool estimated the proportion of households in the local authority that would be able to afford the homes without spending more than a third of their income on housing costs.

Summary

Shared ownership: 96% ReSI's shared ownership homes are affordable at the green and amber level on TGE's person-centred affordability test (see below for grading details).

Retirement rentals: Rent levels are set in line with market rates, however, ReSI has capped rent increases at a level 6%, to ensure properties remain affordable to residents.

Temporary accommodation: As long as void rates remain low, temporary accommodation provides good value for money for local authorities compared to other forms of emergency accommodation, such as B&Bs. However, TGE has not received sufficient information to fully assess the value for money.

Shared ownership

76% of ReSI's shared ownership homes are considered to have "green" affordability by TGE's person-centred affordability tool. This green rating indicates that, at 25% equity stake, households with sufficient income to buy a lower quartile property in the local authority, would spend less than 33% of their income on housing costs. A further 20% are considered to have "amber" affordability, meaning these same households would be spending 33%-40% of their income on housing costs. 5% are considered unaffordable by the affordability calculator.

All properties, except one, with "amber" or "red" affordability ratings are in or near London, where house prices are typically substantially higher than the UK average. For 14 properties in London, ReSI have increased the accessibility of the homes by reducing rent on the unowned equity stake from 2.75% to between 1.6% and 2.6%.

Similarly, in one of their tenanted acquisitions, 32 of the residents had contractual rent increases of RPI + 2%. For these residents, ReSI has capped rent increases at RPI + 0.5%. This helps to ensure that rents remain affordable for residents and brings the properties in line with the rest of the portfolio. In addition, for the same portfolio, the average remaining lease term was 95.5 years. Short lease terms can negatively impact the value of a shared owner's home, and it can become difficult to mortgage properties on lease terms of less than 75 years. As a result, ReSI offered all residents the opportunity to extend their lease term to a minimum of 125 years, for a nominal fee of £1, which TGE considers as best practice.

All shared ownership rents increased by 5.4% in April 2022, which is in line with lease increases of RPI + 0.5%.

On average, residents are saving between £114 and £345 per month when compared to renting an equivalent home on the open market.[12] In addition, for residents with a mortgage, a portion of their costs will be increasing their level of equity ownership. However, large variations are seen between local authorities (see Table 2), with some residents potentially paying more than if they were renting privately when housing costs are compared to lower quartile (LQ) rents in the local authority. For the most expensive properties in Lambeth and Barnet, ReSI has reduced the costs for residents by capping the rent paid on residual equity at a level below the standard rate for shared ownership of 2.75%.

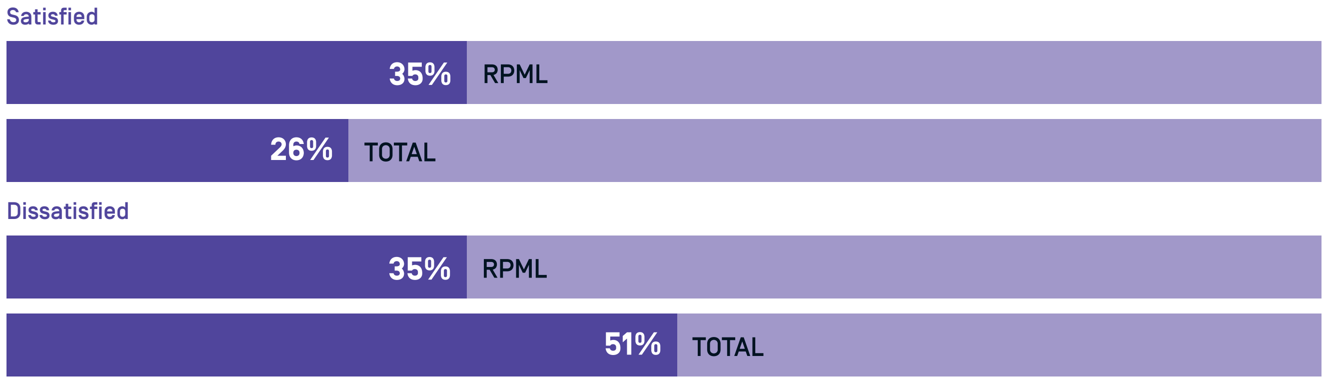
Table 2: Monthly savings to private rental sector (PRS) for local authorities where there are more than 25 ReSI shared ownership properties

LOCAL AUTHORITY	NO. HOMES	UPPER QUARTILE (£)	MEDIAN (£)	LOWER QUARTILE (£)
Lambeth	132	351.32	103.69	-113.07
Croydon	124	260.61	162.22	88.03
Swindon	66	406.66	353.93	302.57
Babergh	41	293.96	209.82	154.82
North Norfolk	34	256.81	177.99	127.99
Barnet	33	120.31	-15.90	-137.12
West Suffolk	30	445.50	267.50	139.83
Blaby	27	253.28	190.87	128.28

Of the residents that TGE spoke to, all felt the rent charged and the rent increases were fair. This was even in the cases when over a third of income was being spent on rent. However, some residents did not think that the service charge was being charged in a fair or transparent way. With one resident commenting that they were being charged for the maintenance of the communal areas even though no one had been maintaining those areas since the beginning of the year. Where ReSI is the leaseholder and external property managers have been appointed by the external freeholder, ReSI has enhanced the property managers' service and reporting requirements to improve the quality of the service provided to its residents. It is hoped that the impact of this will be reflected in the results next year's survey.

There are fewer concerns about service charges from residents in properties managed by RPML, where ReSI is responsible for setting the service charge level as it owns the freehold (see Figure 5). The overall satisfaction with service charge is substantially better than last year (22%);[13] however the overall proportion still remains well below 50%. Where ReSI is not the property freeholder, the Fund support its shared owners in conflicts with the external freeholder when service charge levels and increases are contested.

Figure 5: Proportion of surveyed residents who are satisfied that their service charge is good value for money



12. To understand savings over renting privately, for each local authority we compared the housing costs (rents, mortgage, and service charge) of residents to lower, median, and upper quartiles PRS rents for similar sized properties. To keep comparability between properties, rents and mortgages were calculated assuming a 25% equity stake.
13. Based on 54 responses to the shared ownership resident survey.

Alexandra Lodge, Weybridge – Retirement Rentals

Ashdown Gate, West Sussex – Retirement Rentals

Retirement rentals

The average rent for ReSI's one bed flats is £819pcm and the average rent for two bed flats is £775pcm. This places them above the lower quartile of rents compared to PRS properties in the local authority. However, when compared to a recent report issued on national retirement housing, the average cost of a one bed ReSI property is 47% of the national retirement housing average and the average cost of a two bed ReSI property is 29% of the national retirement housing average.[14]

For residents to spend less than 33% of their income on rent, the average resident would need to have an income of between £27,717 and £30,791. This places potential residents in the second or third quintile of income if they are in a couple (27% of residents), and in the fifth quintile if they are single (72% of residents)[15] (see Table 3). ReSI has informed TGE that many residents have lower incomes than this as it sets its affordability threshold at 50% of income. ReSI has a higher income threshold than TGE, as it assumes that retirees have lower expenditures than younger demographics (e.g. no expenditure on children or commuting). In addition, the Fund has reported to TGE that many residents supplement their income with savings, often gained from selling their previous home.

Adjustments can be made for applicants with weaker financial records, such as offering shorter lease terms or cheaper properties within the development. 27% of survey respondents reported that they were using housing benefits to pay their rent, evidencing that some of the properties are accessible to lower income households, while 60% reported that they pay their rent from their pensions.[16] Nevertheless, if a tenant is using only their income to make rental payments, that tenant would typically require an income above the median if they were to spend less than 33%-40% of their income on rent.

Rent pressures are partially alleviated by service charge and water bills being included in the rent. All service charges include the incorporation of an emergency pull chord, and many cover on site wardens, garden maintenance, and a communal lounge. However, almost 4 in 5 (79%) residents surveyed highlighted the cost of rent as one of their main concerns about the properties. These concerns were also highlighted by the residents interviewed, two of whom reported that their rent was over three quarters of their income. ReSI have highlighted to TGE that for these residents to have been allowed to rent the properties they would need to have access to additional sources of finance, which they are likely choosing not access.

14. Knight Frank's Senior Housing Review (2022/2023) reports the average retirement housing rent to be £1,725 for a one bed and £2,670 for a two bed.
15. The percentage of residents who are single or in a couple comes from the survey results.
16. Information provided by ReSI.

Figure 6: Average difference in monthly rents between ReSI's retirement rental homes and PRS rates, by quartile, for equivalent size properties in the same local authority

	UPPER QUARTILE	MEDIAN	LOWER QUARTILE
Overall rent	-£37.84	£40.33	£110.87
Rent minus service charge*	-£182.09	-£103.92	-£33.18

*ReSI pays the service charge for the properties. For properties with a service charge the average charge is £234 per month.

Table 3: Income required to afford the retirement rentals for coupled and single pensioners, and indication of the minimum income quintile of prospective residents (5th is the highest income quintile) when considering breakdown of pensioner incomes nationally[17]

AVERAGE MINIMUM INCOME REQUIRED IF SPENDING 33% OF INCOME ON RENT/SERVICE CHARGE		PENSIONER COUPLE – MINIMUM INCOME QUINTILE	SINGLE PENSIONER – MINIMUM INCOME QUINTILE
Studio	£30,791	40% - 60%	80%-100%
1 bed	£29,088	40% - 60%	80%-100%
2 bed	£27,717	40% - 60%	80%-100%
3 bed	£28,449	40% - 60%	80%-100%

AVERAGE MINIMUM INCOME REQUIRED IF SPENDING 40% OF INCOME ON RENT/SERVICE CHARGE		PENSIONER COUPLE – MINIMUM INCOME QUINTILE	SINGLE PENSIONER – MINIMUM INCOME QUINTILE
Studio	£25,659	40% - 60%	80%-100%
1 bed	£24,240	40% - 60%	80%-100%
2 bed	£23,097	20%-40%	80%-100%
3 bed	£23,707	20%-40%	80%-100%

Rent increases for these properties are capped at 6% on both assured tenancies and assured shorthold tenancies (ASTs).[18]

Some of the residents that TGE spoke to mentioned the importance of the cap on rents for them, especially during this period of high inflation. TGE considers capping rents as best practices because it protects residents during periods where inflation increases faster than income.

ReSI have informed TGE that My Future Living will always check residents' eligibility for welfare when it is made aware that they are having issues with affordability. Through quarterly newsletters, ReSI gives advice on government support options available and advertises the ability of My Future Living's welfare team to support financially constrained residents who are in need of bespoke affordability solutions. In addition, My Future Living may offer residents who are struggling to pay their rents a smaller rent increase, a rent freeze, or the option of moving to a cheaper property within their portfolio. Nevertheless, My Future Living reported that, of the approximately 30 end of tenancies they see each month, six or seven cite unaffordability as the reason for leaving. However, most of these residents have not approached My Future Living to discuss the opportunity for bespoke solutions.

Due to ReSI capping the rent increases at a lower rate than inflation, its operating costs have increased more quickly than its rental income. This evidences ReSI's commitment to ensuring the properties remain affordable to residents; however, it limits the extent to which it can directly provide further financial support to residents who have affordability constraints.

17. DWP pensioner income series (2020-2021).
18. This cap is built into the lease for assured tenancies.

Maple Fields, Lewes – Shared Ownership

Clapham Park – Shared Ownership

Local authority temporary accommodation

Specialist accommodation for people at risk of homelessness has the potential to generate savings for the local authority over alternatives. When demand for homelessness accommodation is high, local authorities are often forced to place residents in bed and breakfasts (B&Bs), which is both expensive and inadequate as a longer-term solution. ReSI has informed TGE that its investment into temporary accommodation blocks allows Luton Borough Council to continue to not use nightly lets and pursue its strategy of improving the quality of its temporary accommodation.

ReSI sets the rents for both properties at private rental sector levels, with agreed rent increases across the leased period. Currently, Wesley House is leased to the local council at 122% of Local Housing Allowance (LHA), and Eaton Green to Mears at 124% of LHA. As the homes are classified as 'Exempt Accommodation', housing partners can receive housing benefit payments above the LHA. However, the lease rents to ReSI will influence the amount of rent paid by Luton Borough Council per resident.

Aside from the impact of ReSI's rent levels, TGE is unable to fully assess the value for money generated by the scheme due to not having the following information:

- Type and amount of support provided to residents
- Residents outcomes
- An understanding from the local authority, the extent to which they view the property as good value for money.

We have been unable to collect this information due to the nature of the lease between ReSI and their partners, which does not include a reporting requirement, apart from matters which may affect or vitiate the Buildings and Engineering asset insurances.

BUILDING QUALITY PARTNERSHIPS

The most direct contribution to positive outcomes for residents is made by ReSI's partner housing associations, property managers, and agents. It is therefore essential that ReSI selects its partners carefully and has good relations with those partners, working effectively together, learning from each other and communicating well.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI working with partners to ensure that quality services and outcomes are delivered for the residents?	Shared ownership: RP grading	G1/V2	G1/V2	G1/V2
	Shared ownership: Stakeholder interview assessment	Strong partnership; keen to work together more	Strong partnership; are now working together more holistically across activities	Strong partnership; with advantages of having an in-house property manager being felt
	Retirement rentals: Stakeholder interview assessment	Good working relationship	Since ReSI brought the retirement rentals management team in-house, communication has improved. The quality of service delivered to residents has also improved, as increased digitalisation has sped up processes	All residents were positive about the quality of housing management
	Retirement rental's management: Trustpilot rating	Girlings: 4.4/5	My Future Living: No reviews as of 30 September 2021*	My Future Living: 4.5/5 as of 30 September 2022 FirstPort: 3.7/5 as of 30 September 2022
	Local authority temporary accommodation: Stakeholder interview	Arm's length relationship; some disputes regarding responsibilities for ongoing maintenance	Good working relationship; disputes have been largely resolved and are not affecting residents	N/A – insufficient information

*My Future Living was a new entity launched July 2021, and had not received any reviews on Trustpilot.

Summary

Shared ownership: ReSI's shared ownership charter results in consistency across both housing partners. The main area for improvement is that residents have clear lines of communication to organisations that have the ability to respond to their concerns.

Retirement rentals: My Future Living, a Gresham House owned provider, mostly manages these properties and to date have received largely positive feedback from residents.

Temporary accommodation: ReSI leases one of the properties directly to Luton Borough Council, and the other to Mears who lease on to Luton Borough council.

Shared ownership

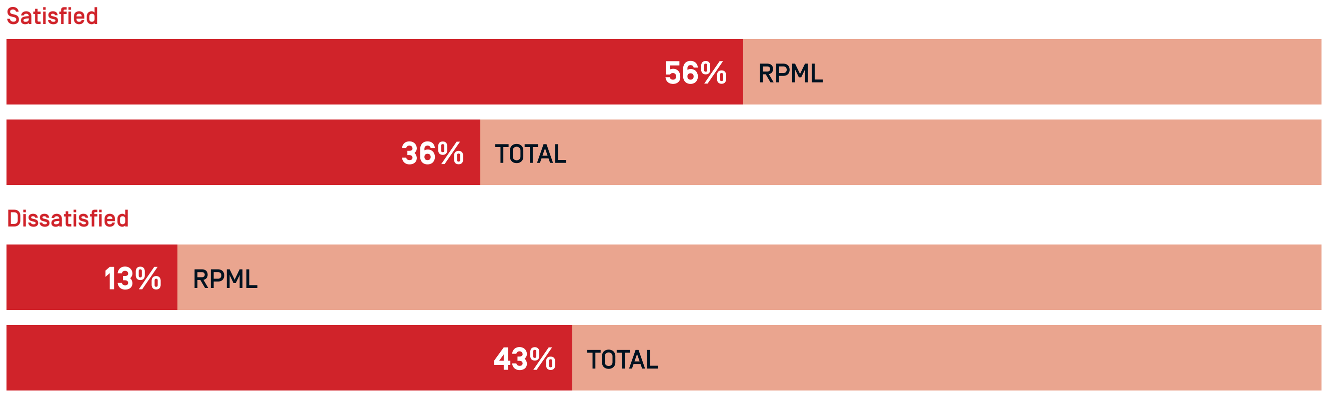
63% of ReSI's shared ownership properties are managed in-house by ReSI Property Management Limited (RPML), and 37% are managed by Metropolitan Thames Valley Housing (MTVH).[19]

ReSI's Shared Ownership Charter has many stipulations that its partners are required to follow. TGE considers this as good practice as it provides a level of consistency across all partners. Positive steps stipulated by the charter include allowing the property to be sold both in or outside the shared ownership scheme, the SO Plus staircasing model, and the repurchasing of sold equity if a resident faces financial hardship.

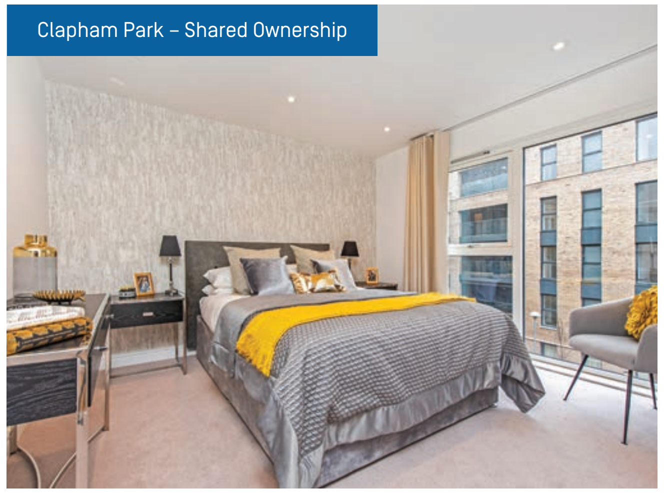
The Fund has informed TGE that it is satisfied with the quality of property management and service delivery across their partners. However, they have also noted the advantages of having increasing numbers of properties managed by RPML rather than external property managers. The primary advantages are that RPML is smaller than the external property manager, enabling it to provide more bespoke housing management services, and that its connection to ReSI results in a smoother customer experience for residents when they report problems. Residents of properties managed by external providers (not RPML) noted that when they want to report issues or ask questions that are outside of the housing partner's control, such as with rent, they sometimes get frustrated at the lack of direct contact with the relevant department or clarity on who the best point of contact is.

Figure 7, demonstrates enhanced housing management experience of residents in properties managed by RPML. Similarly, 20% of surveyed residents in RPML managed properties were dissatisfied with the time it took for the property manager to respond to their queries, compared with 70% of all residents surveyed. ReSI have informed TGE that they are aware of these resident concerns and have outlined several ways in which they are actively working with their external property manager to improve experience going forward. This includes an annual review of the performance of all property managers to ensure they are performing in line with the service level agreements. TGE are currently satisfied that ReSI are taking all the appropriate steps to resolve these resident concerns. In addition to the steps being taken, TGE would suggest that, where ReSI does not own the property's freehold (and is therefore unable to appoint the property manager), the Fund increases the ease with which residents can report concerns and request information.

Figure 7: Proportion of shared ownership residents that are satisfied with their property manager



19. ReSI only have external property managers at sites where we are not the freeholder and are therefore not able to appoint the property manager ourselves.


Clapham Park – Shared Ownership


Laureate's Field, Felixstowe – Shared Ownership

For ReSI's properties where it is not the freeholder, service charges are set by a third-party management company chosen by the housing partner. Therefore, ReSI has little influence over the service charges being set and there may be confusion from the resident on best points of contact. As service charges are one of the primary areas of concern for shared homeowners, this presents a risk to ReSI's impact. ReSI mitigates this risk by transparently outlining its approach to service charges, in the Gresham House Shared Ownership Charter. This includes:

- Not investing in properties which are susceptible to high one-off service charges (e.g cladded high-rise buildings)
- Transparently explaining service charges to new buyers
- Giving residents more control by giving them the option of becoming shareholders of the Resident's Management Company
- Supporting residents in conflict with external freeholders or managing agents.

ReSI's shared ownership partners

MTVH

ReSI bought the leasehold of 132 shared ownership properties from MTVH. These properties were part of MTVH's Clapham Park development, with MTVH reporting to ReSI that the capital released contributed towards building further affordable housing on the site.

HSPG

ReSI have entered into a partnership with HSPG, in which the Fund will be offered first refusal on a defined pipeline of shared ownership properties. This partnership provides HSPG with additional long term capital to help fund their ambitious growth in affordable housing.

Orbit

This financial year ReSI completed its second transaction with Orbit – 186 tenanted shared ownership homes. Last financial year, ReSI bought 191 residents homes from Orbit. ReSI has informed TGE that Orbit uses the capital from the sale to reinvest into new housing stock and retrofitting.

Retirement rentals

In 2020/21 ReSI decided to set up RPML (trading as 'My Future Living') as a housing manager to manage the retirement rental portfolio, taking over the role previously performed by Girlings.

My Future Living has an in-house wellbeing team that continues to provide specialised support to its residents. The team are responsible for recording any potential personal issues, such as early signs of dementia, and to proactively communicate with families about the residents' welfare. Residents were largely positive about the quality of their housing management, with 79% of surveyed residents rating their likelihood of recommending ReSI to a friend as seven or higher (with 10 being the highest).

My Future Living subcontracts some of the management services to third parties. Although most residents were positive about the quality of the management, it was also reported that it can be a confusing to know who to ask for what. One resident commented that she gets a bit confused as she never knows who manages what and she always gets referred somewhere different. ReSI has informed TGE that it is aware of this concern, and that in response has made sure to clearly outline who to call in different scenarios on its website as well as in quarterly newsletters. In addition, My Future Living has continued the roll out of its new system, Fixflo, which allows residents to report maintenance requirements electronically, with the aim of improving efficiency and response times. Residents' usage of the app has increased this year (to 6%) and My Future Living is working to increase it further in 2023.

The residents that TGE have spoken to have been positive about the quality of housing management that they have received.

Homefylde House, Blackpool – Retirement Rentals

Local authority temporary accommodation

ReSI owns two blocks of temporary accommodation in Luton – Wesley House and Eaton Green Court. ReSI leases Wesley House directly to Luton Borough Council, whilst Eaton Green Court is leased to Mears, a large-scale national property management company, which then sub-leases the properties on to Luton Borough Council.

ReSI has informed TGE that Luton Borough Council provide additional non-housing services, such as CV writing and mental health support, to residents, and that both ReSI and lessees have robust fire safety check mechanisms in place. However, under the terms of the leases for both properties, Luton Borough Council are only obligated to report matters to ReSI which may affect or vitiate the buildings and engineering asset insurances, with ReSI having minimal involvement in the lessee's management of the buildings or services. Therefore, for this report TGE was not able to meet with either of the leaseholders and is unable to make a thorough assessment of the quality of the partners.

QUALITY OF HOMES

Shared ownership

TGE visited three properties in Croydon (one internally), which were built by Brick by Brick. Internally and externally the buildings were to a high spec. All the properties were built from brick with interesting external design elements, which were sympathetic to the neighbouring existing properties, and finished with neat metal features (e.g. drainage and balconies). Inside, the property we visited had a very nicely designed kitchen which formed part of an open living room space, as well as a fashionably tiled bathroom. Although the property was quite small, with limited room for storage units inside the bedroom, it did have a closet which could be used for a washing machine.

All residents that TGE spoke to were pleased with the quality of their homes.

On average properties are 129% of National Designated Space Standards (NDSS), with five properties being under NDSS.

Retirement rentals

TGE visited one retirement rental property in Weston-Super-Mare, consisting of 23 flats. Overall the building was well maintained, with a well-kept garden and communal sitting rooms. The flats themselves were kept to a reasonable standard. They consisted of two main rooms – bedroom and sitting room – with a very small kitchen adjoining the sitting room.

Survey respondents rated their accommodation at 3.9 out of 5 stars on average. This finding was reflected in the qualitative interviews, where all residents that TGE spoke to were pleased with the quality of their housing but two areas for improvement were highlighted by multiple interviewees:

- Many bathrooms have fitted bath showers, which are not accessible to people with mobility issues. Some residents have paid to remove the bath and fit a walk-in shower; however, other residents cannot afford to do this.
- The heaters are very old electric and often have a block heating system. Residents complained that this is an inefficient heating system that often doesn't provide the heat needed at the right times. Many people that TGE spoke to had bought their own electric heaters and did not use the one's provided.

ReSI have informed TGE that My Future Living is aware of these resident concerns and are taking steps to address them. The specification of the bathrooms was changed to be shower trays in 2014, with approximately 60 bathrooms per year being upgraded. Upgrades are mostly on vacant properties, with upgrades being allocated to existing residents of a case-by-case basis. TGE recommends adapting the approach to increase the proportion of upgrades allocated to existing residents. Similarly, for all properties with an EPC D, ReSI plans to upgrade the electric heater by 2023 (unless the property is due to be exempt from Government EPC regulations).

The average one bed flat is 82% of NDSS and the average two bed flat is 97% of NDSS. ReSI also have slightly larger one bed flats which are 117% of NDSS. The NDSS assessment excludes communal lounges and common areas.

Temporary accommodation

TGE has been unable to make a full assessment of the quality of the properties as we have not been able to speak to residents or visit schemes. However, we do have some concerns about the size of the properties – For Wesley House (no data is available for Easton Green), 85% of the properties are below NDSS, with alignment to NDSS ranging from 32% to 145%.

INCREASING SUPPLY OF SOCIAL AND AFFORDABLE HOUSING

ReSI aims to increase the supply of housing that would not be delivered otherwise.

TGE assesses performance against this objective by looking at the proportion of homes which are new build and/or are brought into the social or affordable housing sector for the first time. TGE also uses its own 'Additionality Scale' to judge the contributions different investments make to increasing housing supply.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI driving delivery of affordable housing that would otherwise not take place?	Number and percentage of new build homes	Overall: 171 of the 2,708 homes in ReSI's portfolio (6%) were new builds Percentage of 2019-2020 spend on new build homes: N/A	Overall: 230 of the 3,005 homes in ReSI's portfolio (8%) are new builds Percentage of 2020-2021 spend on new build homes: 46%	Overall: 295 of the 3,296 homes in ReSI's portfolio (9%) are new builds Percentage of 2021-2022 spend on new build homes: 34%
	TGE additionality scale	Overall: Low Shared ownership: Medium Retirement rentals: Low Local authority: Low	Overall: Medium Shared ownership: Medium Retirement rentals: Low Local authority: Low	Overall: Medium Shared ownership: Medium Retirement rentals: Low Local authority: Low

Summary

Over the last year, shared ownership was the only tenure type that was added to ReSI's portfolio. TGE considers these additions to have medium additionality as they were a combination of tenanted acquisitions and new build.

Shared ownership

The Fund's shared ownership portfolio has increased over the past 12 months, as ReSI has continued to acquire existing shared ownership properties from a range of RPs as well as new-build homes. 246 shared ownership properties have been added to the Fund since 30th September 2021, of which 60 are new builds (24%), with 21 of these tenanted at the point of ReSI's acquisition. This brings the total proportion of 2022 shared ownership investment into new build stock to 34%.

Acquiring existing homes from housing associations frees up the organisations' capital and enables them to develop more homes. Whilst unable to influence how the funds are spent, ReSI have acquired 97% of their tenanted stock from not-for-profits who are required to reinvest the capital. This equity injection helps not-for-profits to meet rising demand for additional affordable homes, and upgrade their existing housing stock through retrofitting.

Although, TGE judges the new-build homes that ReSI acquired as having medium to high additionality, they are a smaller part of the portfolio. Therefore, TGE considers ReSI's current strategy as having medium additionality. Nevertheless, although tenanted acquisitions have lower levels of additionality than new builds, it is important to note that they can help housing associations to maintain their financial viability. In particular, the planned government requirement for landlords to ensure that newly rented homes have an EPC rating of C or better by 2025 has resulted in an elevated level of demand from housing associations for the long-term equity provided through acquisitions of this type.

Clapham Park – Shared Ownership

Retirement rentals

ReSI acquired the majority of its portfolio of retirement rental homes from other investors between 2017-2019, which kept them in the retirement sector. These homes are rented in line with market rates and therefore are not considered to be affordable or social housing. Accordingly, TGE considers that ReSI is bringing low additionality to the sector through these homes.

Local authority temporary accommodation

ReSI's two blocks of temporary accommodation were acquired as a passive transfer of stock, with leases and contracts already in place. Although ReSI has not contributed to increasing the supply of social housing with this acquisition, the Fund's investment has kept the buildings in the social sector.

IMPROVING ENERGY EFFICIENCY OF HOMES AND REDUCING ENERGY USAGE

ReSI is aiming to improve the energy efficiency of its homes where possible to raise its portfolio's environmental performance.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI improving the energy efficiency of homes?	Percentage of homes/ units with EPC rating C+*	All homes/units: 80% Shared ownership: 99% Retirement rentals: 86% Local authority temporary accommodation: 18%	All homes/units: 81% Shared ownership: 90% Retirement rentals: 87% Local authority temporary accommodation: 18%	All homes/units: 85% Shared ownership: 85% Retirement rentals: 93% Local authority temporary accommodation: 18%
	Percentage of homes/ units with EPC rating E+	All homes/units: 100% Shared ownership: 100% Retirement rentals: 100% Local authority temporary accommodation: 100%	All homes/units: 99.9% Shared ownership: 99.9% Retirement rentals: 99.95% Local authority temporary accommodation: 100%	All homes/units: 99.9% Shared ownership: 99.7% Retirement rentals: 100% Local authority temporary accommodation: 100%

* EPC data was available for 94% of properties.

Where EPC data is available, the proportion of ReSI's homes across all tenure types with an EPC rating of C+ has increased from 81% to 85% between 2021 and 2022. This has been driven by EPC upgrades to retirement rental properties in the portfolio which have been upgraded from an E or D rating to a B or C.

Improving the energy efficiency of its homes is an area of growing focus for ReSI. In the last 12 months, the Fund has upgraded 61% (113) of its directly rented retirement rental properties with an EPC rating of D to a C or above. Approximately, £7,333 was spent on each property that was upgraded. In addition, ReSI plans to upgrade all the remaining retirement rentals with an EPC of D or lower by 2025, which is in line with the government's target of all new lets to be EPC C by 2025, and three years ahead of the government's target for all existing lets to be upgraded to EPC C by 2028. ReSI has informed TGE that it will not be passing on the costs of upgrades to residents through increased service charges or rents.

In addition, ReSI are currently working with an external consultant, Kamma, to develop a strategy to get to net zero. A key component of this strategy will be assigning pathways and costs to improving the energy efficiency of the portfolio through retrofitting.

Shared ownership: Of ReSI's shared ownership properties with an EPC rating, 85% have a rating of C+, and 65% of B+. This has remained stable year-on-year in terms of the proportion of the properties rated C+, despite the addition of 246 shared ownership homes to the portfolio in the past year.

All of ReSI's new build acquisitions in the year have a minimum EPC rating of B.

99.7% of the shared ownership properties meet the minimum energy efficiency standard (MEES) of an EPC rating E. One property, which was part of a tenanted acquisition of older stock, was rated F and therefore fails to meet this minimum standard. Whilst ReSI cannot insist the residents of the F-rated properties undertake improvement works (as the shared owners own the home), TGE suggests that the Fund consider offering a grant to support with the retrofitting.

Retirement rentals: Of ReSI's portfolio of retirement rental homes with an EPC rating, 93% have a rating of C+.

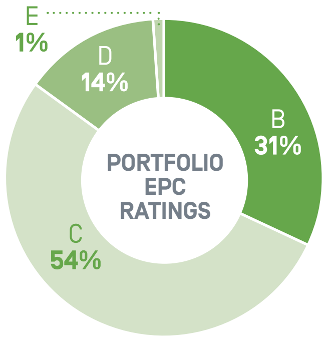
ReSI have been continuing to take steps to improve all retirement rental properties rated below EPC C, reducing the number of properties rated below C from 13% in 2021 to 7% in 2022.

Local authority temporary accommodation: All of ReSI's local authority temporary accommodation (apart from one EPC rated E unit) is rated EPC D or higher. 51 homes at Wesley House meet the threshold of an EPC rating of C+, and all homes at both buildings comply with the MEES of an EPC rating E.

ENVIRONMENTAL OUTCOME – REDUCED ENERGY USAGE

As homes account for an estimated 16%[20] of total yearly UK CO_2 emissions, it is vitally important that housing providers and developers work to reduce sector emissions and increase the environmental efficiency of properties. Energy-efficient homes also reduce utility bills, which have doubled for three-quarters of UK households following Ofgem's increase in the price cap.

Figure 8: Portfolio EPC ratings distribution

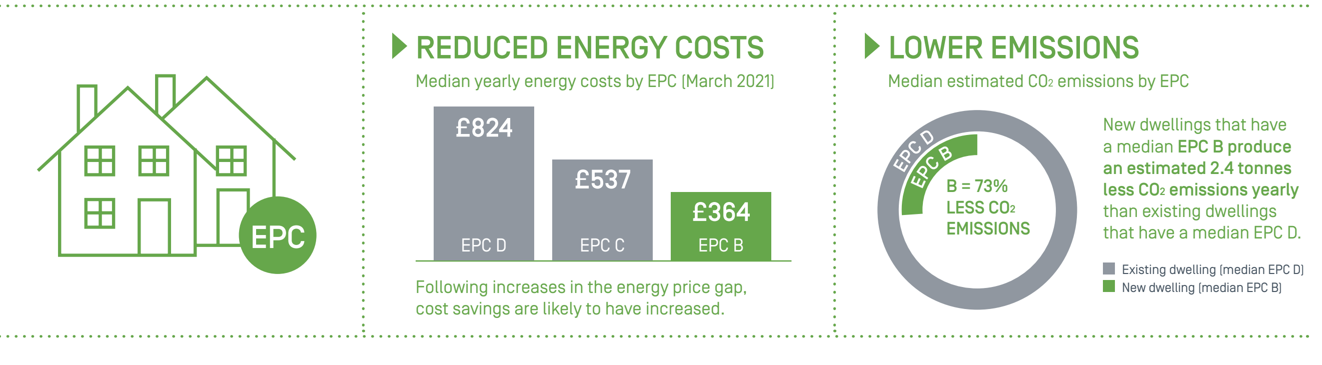


86% of shared ownership residents are satisfied that their home is as or more energy efficient than their previous residence.

Properties with high EPC ratings result in lower emissions, which improves the long-term environmental performance of the portfolio as well as benefiting the shared owner through reduced energy costs. New dwellings that have a median EPC B produce an estimated 2.4 (73%) less tonnes of CO_2 emissions per year than existing dwellings that have a median EPC D.[21] Furthermore, as of March 2021 the median cost savings to residents of living in an EPC B-rated property versus a C and D-rated property was £173 and £460 per year respectively. Since February 2021 the energy price cap has increased by 120% (Ofgem) and is expected to rise again in April 2023, with savings per year for households in EPC B-rated properties likely to rise proportionally. Therefore, the environmental efficiency of ReSI's homes mitigates the impact of rising rents and energy prices.

The majority of residents TGE interviewed were positive about the energy efficiency of their homes.

Figure 9: Benefits of a higher EPC rating



20. Department for Business, Energy, and Industrial Strategy.
21. Department for Levelling Up, Housing and Communities – Energy Performance Certificate data on Open Data Communities.

4 CONTRIBUTION TO OUTCOMES

Impact objectives play an important role within an impact assessment since they are the areas ReSI has direct control over. However, as they are a 'means' and not an 'end', this section assesses the change in outcomes experienced by end-users – residents living in the Fund's homes, to fully capture the impact that ReSI delivers.

Outcomes depend on many factors, including the activities of the Fund. Accordingly, the Fund can only ever claim to be contributing to these outcomes partially. Nonetheless, their assessment is important since they provide insight into the ultimate impact (i.e., the change in outcomes) caused by ReSI.

TGE has identified the main target outcomes that the Fund aims to contribute across each of the Fund's property types:

Shared ownership

- Greater stability
- Reduction in housing expenditure caused by below market rate rents

Retirement rentals

- Greater independence
- Alleviation of loneliness and improvement in resident health
- Equity released for other needs

Local authority

- Greater resident wellbeing
- Value for money for public purse

Energy usage

- Reduced energy consumption from residents
- Lower energy bills for residents

SHARED OWNERSHIP

- **Greater stability**

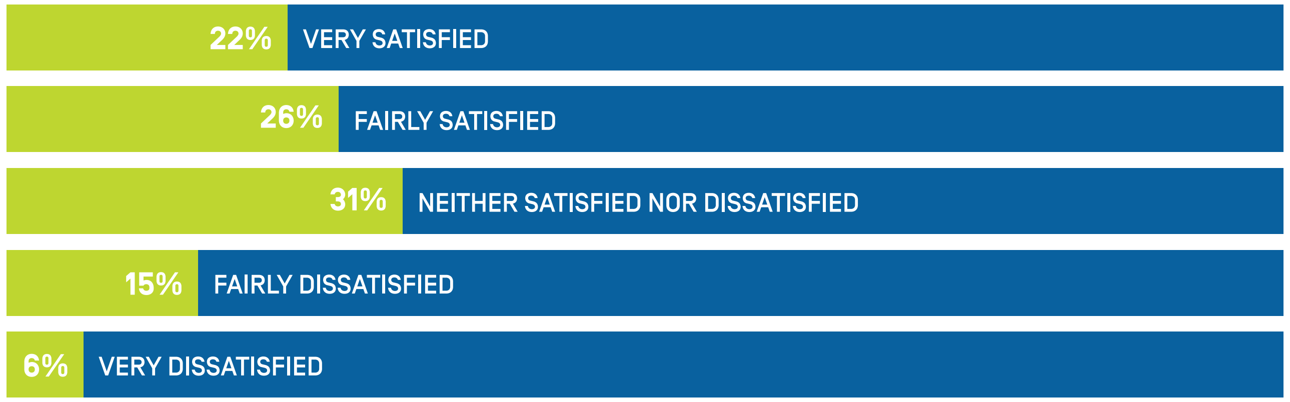
65% of surveyed residents reported that they did not own their previous property (either partially or outright), indicating that most residents have had an increase in their stability as a result of moving into their home.

30% of residents surveyed were promoters of the shared ownership model (9-10). A further 50% rated their likelihood of recommending it to a friend as 5-8 (10 being the highest). This indicates that although the model has its advantages in improving the asset ownership, improvements are needed to make it a satisfactory alternative to private renting for all residents.

- **Reduction in housing expenditure caused by below market rate rents**

80% of surveyed residents are satisfied that their property is as good or better value for money than their previous accommodation.

Satisfaction of surveyed residents with the extent to which their rent is good value for money



RESIDENT CASE STUDIES – SHARED OWNERSHIP

Orbit Portfolio, Norfolk – Shared Ownership

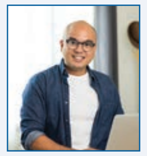
Clapham Park, Clapham, London – Shared Ownership

Melanie* – 65-70 yrs old, Norfolk, Orbit Portfolio

Melanie bought her shared ownership property over 20 years ago. She bought it when she divorced from her husband after spending a period in a rental property nearby. Although they had owned a property together it was her first time buying on her own. She told us that she would not have been able to take a full mortgage, so if it had not been for the option of shared ownership she would have continued to rent in the private rental sector.

As she moved into the property so long ago she didn't have the option of a snagging period and she hasn't had a reason to speak to ReSI or RPML since the ownership of the property changed. However, she is largely pleased with the quality of the home. She has made a few changes, such as installing double glazed windows, but is constrained financially with how much more she can afford.

With the increases in energy bills, she is concerned about housing costs, and has increased her hours at work by an extra day to ensure she can cope given the state pension does not cover it. Nevertheless, she feels that the rent increases are fair and notes she is in a better position than many others as she has paid off her mortgage.



Jamie* – 50-55 yrs old, Clapham Park, Clapham

Jamie and his wife moved to London from Lancashire at the beginning of the COVID pandemic to be close to their daughter.

Initially, they sold their property in Lancashire and rented in London for a year. Following this they bought an equity stake in a three-bedroom ReSI new build shared ownership property in London, taking advantage in the stamp duty holiday that was in place at the time.

They were initially hoping to buy outright but found the properties too expensive. They were relieved to find out they were eligible for shared ownership and when they got in touch with the property manager for one of ReSI's buildings they found them incredibly responsive.

Jamie is very pleased with the quality of his home. Before seeing the property, he was nervous that new builds can be poor quality and small, however he was pleasantly surprised. All the appliances are Smeg (a high end appliance manufacturer), and he felt no shortcuts had been taken in construction. Overall, the property is about 800 square foot, which is approximately 250 square foot larger than the property they moved from. Also, as they are on the ground floor it has great disability access, and they have outdoor space front and back.

They had a fairly stress-free snagging period. However, they are aware that it hasn't been as easy for all their neighbours. They also noted that improvements could be made in the management of the communal spaces. For example, at the time of speaking the underground car park gates had been broken (stuck open) for a week. Jamie felt that, given the service charge is quite expensive, these types of communal space repairs should be done quicker.

Jamie is really pleased with the shared ownership model. He didn't think they would be eligible but when he found out they were he felt it gave them opportunities they wouldn't have had otherwise. Affordability wise, they spend approximately a third of the income on housing costs and although they know they will never staircase out they hope to be able to partially staircase over the years.

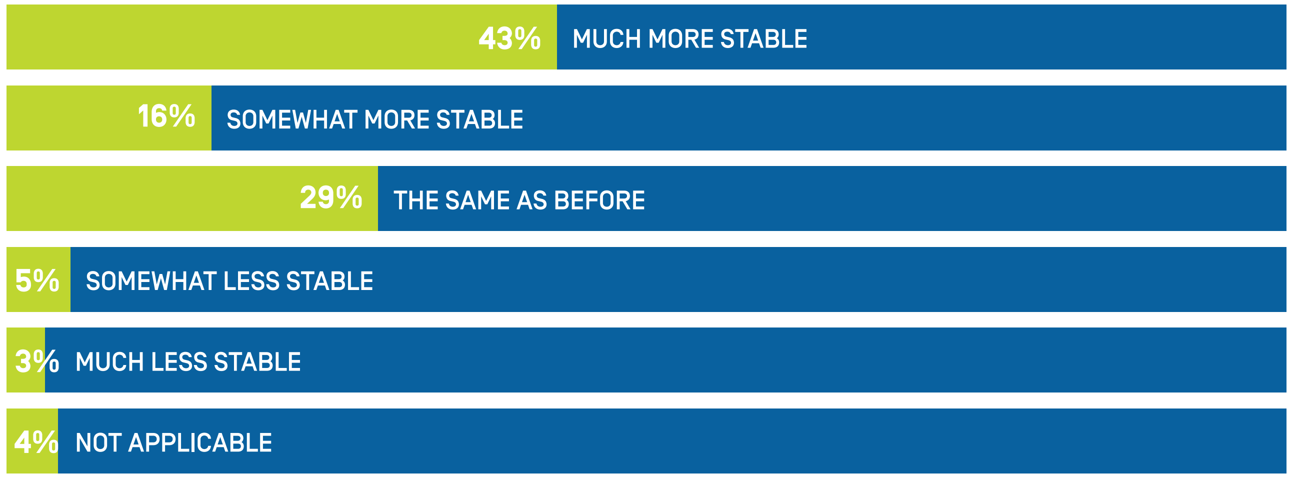
*Not images of the real residents.

RETIREMENT RENTALS

Greater independence

Moving into a ReSI retirement rental has improved the stability of many residents' housing situations, therefore reducing their mental burden. In addition, all residents that TGE spoke to said they planned to stay there for as long as their health would allow and two thirds of survey respondents said they planned to stay for the next five years minimum.

Proportion of residents, by changes in perceptions of stability (survey results)

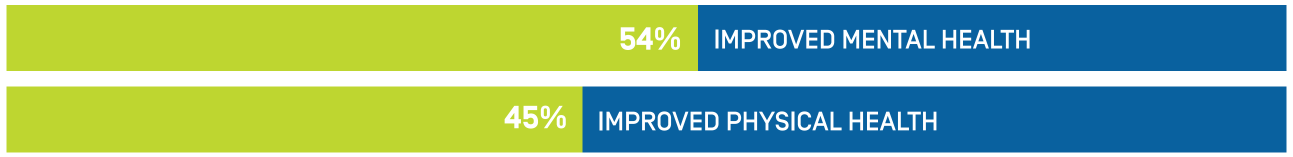


70% of survey respondents reported that the flexibility to move was an important factor for them in a home.

Alleviation of loneliness and improvement in resident health

Many residents that TGE spoke to mentioned enjoying the community within their block. 68% of survey respondents reported that the sense of community and social activities was one of the retirement rental attributes that was important to them. Similarly, 75% reported that they are satisfied with their neighbourhood as a place to live.

Proportion of residents reporting health improvements (survey results)

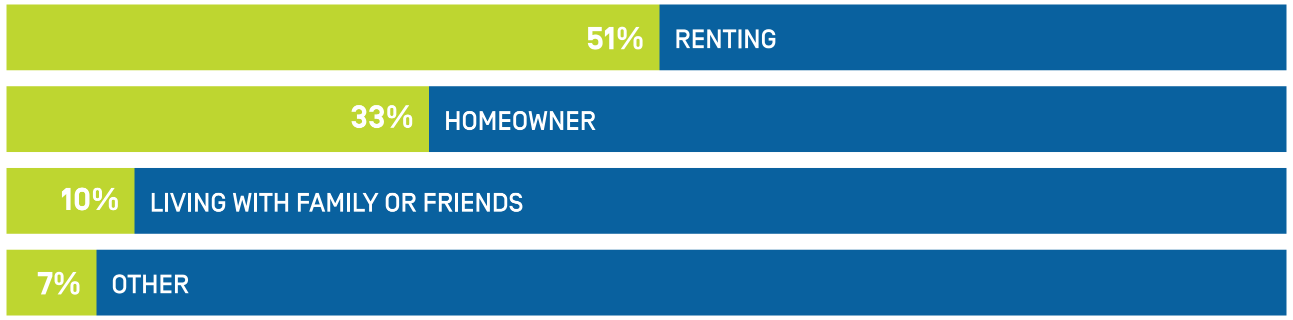


73% of survey respondents reported that they had made new friends since moving into their home. However, although 33% said they are more social since they moved into the property, 22% reported that they are less social.

Equity released for other needs

61% of survey respondents said their financial situation had improved since moving into the property and 35% said it had got worse.

Proportion of residents by type of previous accommodation (survey results)



Only a third of residents sold a property prior to moving in and therefore were able to release significant amounts of equity by moving into a ReSI rental property.

Homegarth House, Leeds – Retirement Rentals

LOCAL AUTHORITY

ReSI rents directly to the local authority or to Mears, with no requirement to report resident outcomes. Therefore, TGE did not have access to sufficient data and information to assess the extent to which the properties for people at risk of homelessness are meeting their expected outcomes.

However ReSI have informed us that:

- The Fund's properties help Luton Borough Council to continue to not use night lets, which is a key part of their homelessness and housing strategy.
- Residents benefit from skills and training support, which is available via the Luton Investment Framework and career pathfinder team.

RESIDENT CASE STUDIES – RETIREMENT RENTALS

Old Commercial Road, Portsmouth – Retirement Rentals

Homebay House, Devon – Retirement Rentals

Rachel* – 60-65 yrs old, Chandos Rise, Portsmouth

Rachel moved into a ReSI retirement rental just over a year ago after getting divorced. Although the property is very small, she is pleased with it and says that the size suits her as it easier for cleaning. Moving there enabled her to get a divorce, whilst still staying close to family. She says that she feels less lonely than before she moved there, and it has therefore had a really positive impact on her mental health. This life improvement is even stronger now she has changed from a shorthold tenancy to an assured tenancy. She feels safe, secure and at peace there – as a result, she has made it her home.

Rachel spends over three quarters of her income on rent and is therefore concerned about rent increases. She does not draw on savings to cover the housing costs, but occasionally her daughter helps her. Low income individuals with below a certain level of savings are eligible for local housing allowance. TGE did speak to Rachel about whether she was aware of this opportunity or had savings that exceeded the threshold required. Overall, she is really pleased with the property and would 100% recommend it to a friend.

Michael* – 75-80 yrs old, Homebay House, Seaton

Michael moved into a ReSI retirement rental approximately four years ago as he wanted to free-up a social housing property for someone who needed it more. Initially, he moved to Merseyside and then after two years moved to Devon to live closer to his brother who was ill at the time. He considers the ability to move to other homes in the portfolio to be a big advantage of the property.

Although he is now paying twice as much as he was in his previous housing, he feels happier and more secure. He also thinks the rent is fair given the amount that goes towards the service charge. In addition, one of the drivers for him choosing to live in a ReSI property was the 6% cap on rent increases and the assured tenancy option.

He believes the property is well insulated and mostly in good condition. In addition, he loves that it is by the sea. He would very much recommend it to a friend. However, there were two areas for improvement:

- The heaters: he considers them out of date (see page 33 for more information).
- The management: They have not had a general manager since May. However, ReSI has informed TGE that the property has had a relief manager on site two days a week since the general manager left.

*Not images of the real residents.

5 IMPACT RISK

Impact risk is the likelihood that impact will be different than expected. To achieve intended changes in outcomes, impact risks must be recognised, prioritised, and mitigated against. Impact risks arising from the Fund's activities have been assessed against the Impact Management Project's (IMP) risk assessment framework.

The IMP framework identifies nine types of impact risk. TGE has judged four risk types as potentially material for ReSI's strategy.

IMP IMPACT RISK TYPE	TGE ASSESSED LEVEL OF RISK	MITIGATION STRATEGY
ALIGNMENT RISK *The probability that impact is not locked into the enterprise model*	MEDIUM The **retirement rentals** , which make-up two thirds of the portfolio, are not discounted to market rent or targeted at lower income households. Criticisms of the shared ownership model include the **cost of staircasing** (i.e. valuation fees) and **service charge costs**. ReSI has little oversight over the service delivery to the residents living in its **temporary accommodation**.	**Retirement rentals:** ReSI builds additional impact into the model where possible by offering additional welfare support to residents when it is needed and being open to considering bespoke solutions when residents are struggling financially, as well as capping rent increases to 6%. **Shared ownership:** Through the shared ownership charter ReSI is endeavouring to adhere to or lead best practice within the sector.
STAKEHOLDER PARTICIPATION RISK *The probability that the expectations and/or experience of stakeholders are misunderstood or not taken into account*	MEDIUM As **ReSI does not have direct communication with residents** on a regular basis, it may not be aware of their needs and/or concerns. Given its novelty, residents may also be **unclear on the shared ownership model**, any hidden costs, rent increase policies, and their rights and responsibilities as a shared owner.	The increase in the proportion of properties managed by ReSI Property Management Limited (RPML) increases the Fund's connection with clients. Nevertheless, the nature of many of ReSI's lease structures place several stakeholders between them and residents across tenure types. This limits the extent to which the fund does or will have regular contact with the residents.
EXTERNAL RISK	MEDIUM The cost of living crisis and rising inflation may increase some **residents' vulnerability to rent increases.** Some residents in **shared ownership properties and retirement rentals** may be 'priced out' of their homes or being able to staircase.	ReSI partially mitigates this risk by capping rent increases and offering some flexibility to residents. Shared ownership residents can reduce the impact of financial pressures by reverse staircasing.
EVIDENCE RISK	MEDIUM This is a high risk for the temporary accommodation, which is a small proportion of the overall portfolio.	ReSI has informed TGE that the extent to which it can request data on the service delivery to residents in the temporary accommodation is limited. It is therefore unable to substantially mitigate this risk.

6 CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

In the last 12 months ReSI has increased its impact by expanding the number of shared ownership properties in the Fund's portfolio. These properties are contributing to meeting the need for more affordable, shared home-ownership solutions. The majority of the portfolio (two thirds), continues to be retirement rentals. These are managed responsibly and meet a market need for purpose built housing for retirees; however, TGE considers this tenure to have lower levels of impact as it is not targeting a financially underserved demographic.

STRENGTHS

Increased supply: ReSI has increased the amount of affordable housing in the fund. 246 shared ownership properties have been acquired – of which 60 are new build.

EPC upgrades: 61% (113) of the directly rented retirement rental properties that were rated EPC D at the beginning of the financial year have been upgraded to C or above.

Quality management: A higher proportion of shared ownership and retirement rental homes are being managed by ReSI's in-house property manager, Resi Property Management Limited (RPML). This gives ReSI greater influence over the services provided and increases the ease with which residents can direct their queries to the right place. When surveyed, residents living in properties managed by RPML reported high levels of satisfaction.

Quality of new build shared ownership properties: TGE was impressed by the quality of the new build shared ownership properties it visited. In addition, the shared ownership residents that TGE spoke to in the properties were very impressed how spacious and high spec they are.

POTENTIAL RISKS AND AREAS FOR IMPROVEMENT

Temporary accommodation housing: ReSI leases temporary accommodation units to Luton Borough Council, both directly and with Mears as an intermediate lessee. The nature of the lease agreement between ReSI and Luton Borough Council results in the Fund having minimal exposure to resident outcomes and the quality of support being delivered. Therefore, there is a risk that the properties are not having the impact that ReSI intended upon investment.

Retirement rentals rents: Although the rents are lower than average for the sector and ReSI has capped rent increases below inflation, they are set at a level that is largely unaffordable to lower income households as per TGE's affordability assessment. Nevertheless, 27% of residents use housing benefits to pay their rent – evidencing that some properties can be afforded by lower income residents.

Retirement rental fittings: Many of the residents TGE has spoken to in retirement rentals have reported that, although overall they are very pleased with their home, they would like the showers and heating systems to be upgraded.

- Many of the showers are currently over baths, which are difficult to access for people with mobility issues.
- All the properties are fitted with electric heaters. Many of these are of an older specification and block heaters, which many residents reported to be inefficient and heat the properties at the wrong time of day.

ReSI are taking steps to address these resident concerns with the replacement of the least efficient heaters ongoing and 60 shower-bath replacements each year.

APPENDIX

APPENDIX 1: DATA SOURCES

DATA SOURCE/ EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Property-by-property portfolio database	Portfolio data provided by ReSI. For each property, this data includes the following; address, build date, whether the property was acquired in the last year, housing type, beds, housing manager, EPC rating, and floor area.	Low	Reliant on accuracy of data provided by ReSI plc.
Shared ownership property valuations	Valuations of ReSI's shared ownership properties conducted by Savills.	Low	Reliant on accuracy of Savills' valuations.
Shared ownership resident survey data	Survey of ReSI's shared ownership residents carried out by RPML. There were 16 questions and 110 respondents. ReSI provided TGE with the results on an Excel document.	Medium	The sample size was approximately 13% of all the Fund's shared ownership households. However, the sample was not generalisable as a robust sampling approach was not applied and a higher than representative proportion of respondents were living in properties managed by MTVH.
Retirement rental resident survey data	Survey carried out by My Future Living and advised by TGE. The survey consisted of 27 questions. There were 291 respondents, and results were provided to TGE by ReSI on an Excel document.	Medium	Small sample size is approximately 11% of residents in ReSI's retirement rental portfolio and not randomly selected. Therefore, reported results may be representative of all residents.
Interviews with housing provider partners	Interviews carried out with ReSI's partners by TGE. TGE aim to find out about the housing providers' general relationship with ReSI, as well as specific details in relation to selected schemes.	Medium	TGE spoke to the relevant housing providers for the shared ownership and most of the retirement rental homes, but not the temporary accommodation units. Also, reliant on the accuracy of the answers provided.
Interviews with the ReSI team	Interviews carried out with various members of ReSI's team. Through these interviews, TGE aim to find out about various aspects relating to strategic and day-to-day the management of the fund.	Medium	Reliant on the accuracy of the answers provided by the ReSI team. Also, though these conversations provide insight into the Fund's processes and activities, they cannot provide the full picture since some info is confidential and cannot be shared.
Interview with residents	Interview with residents conducted by TGE – seven for retirement rentals and five for shared ownership. ReSI and partners provided TGE with residents willing to be interviewed and offered them renumeration. All interviews were done via telephone.	Medium	Experience of specific residents is not representative of the wider portfolio. Residents weren't randomly selected and were interviewed based on their willingness to participate and ReSI's/partner's willingness to connect them with TGE.
Local authority cost savings model	Cost-saving model developed by TGE to compare the cost of ReSI's temporary accommodation blocks with the cost of alternative B&B provision.	High	The model uses publicly available local B&B cost data as a benchmark to compare against estimated cost data for ReSI's temporary accommodation blocks. Also, TGE did not receive updated occupancy data for 2021 for ReSI's two blocks so 2020 occupancy data was re-used in the model.

DATA SOURCE/ EVIDENCE	OVERVIEW	EVIDENCE RISK	LIMITATIONS
Monthly cost savings model (versus PRS)	Model created by TGE to calculate the average monthly housing cost savings (rent + mortgage) of the Fund's shared ownership properties versus renting privately (PRS costs). The model compares costs to ReSI residents (ReSI provided data to TGE) to ONS data on rental prices for similar size properties in the same local authority. Assumptions: – All shared owners own a 25% share of their home – All shared owners' mortgage rate is 5%* – All shared owners pay a 10% deposit.	High	The model is not reflective of savings actual residents will be / are making as that is dependent on the type of property they were previously living in. It instead estimates monthly savings a household moving from PRS is likely to make by moving into a similar ReSI LP owned property. The accuracy of the model is reliant on ONS data, ReSI data and the assumed shared owners' mortgage rate.
TGE affordability calculation (2)	The affordability test is a tool commissioned by TGE and created by the Smith Institute. It assesses whether the Fund's product helps households access sustainable home ownership, who would otherwise struggle to, by determining the income level needed to afford mortgage payments and accrue sufficient savings for a mortgage over a 5-year period. It uses data provided by ReSI on housing costs and house prices.	Medium	It is reliant on the accuracy of the information provided by ReSI and may be subject to change if estimations of property values fluctuate. In addition, calculations are tailored to income and house price levels in respective local authorities from end of year 2019, which may be slightly out of date.

APPENDIX 2: RESI IMPACT DATA

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI targeting developments which will address social needs?	Number of properties	Overall: 2,708 Shared ownership: 196 Retirement rentals: 2,223 Local authority: 289	Overall: 3,005 Shared ownership: 498 Retirement rentals: 2,218 Local authority: 289	Overall: 3,298 Shared ownership: 794* Retirement rentals: 2,215 Local authority: 289
	Shared ownership: Affordability ratio (average house price to average earnings) in local area	89% of properties in the least affordable local authorities (Local authorities with affordability ratios greater than the national average)	70% of properties in the least affordable local authorities (Local authorities with affordability ratios greater than the national average)	68% of properties in the least affordable local authorities (Local authorities with affordability ratios greater than the national average)
	Retirement rentals: resident survey analysis	N/A**	76% would recommend renting in retirement 81% had made new friends 67% were attracted by an assured lifetime tenancy***	84% would recommend renting in retirement 73% had made new friends 98% valued the assured lifetime tenancy as important ****
	Local authority temporary accommodation: Number of households on local authority waiting list	Luton: 13,077 on waiting list out of 78,900 households or 16.6% (compared to national average of 5.1%)	Luton: 13,215 on waiting list out of 78,900 households or 16.7% (compared to national average of 5.1%)	Luton: 12,077 on waiting list out of 77,600 households or 15.56% (compared to national average of 5.1%)

*This includes 14 properties that ReSI no longer owns either the leasehold or freehold for as the tenant has 100% staircased.
**A 2020 resident survey was carried out by Girlings. However, different response options were used, negating comparability.
*** Based on 281 respondents, representing approximately 13% of the portfolio. Survey carried out by My Future Living.
**** Based on 251 respondents, representing approximately 11% of the portfolio. Survey carried out by My Future Living.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI ensuring that accommodation is affordable or provides value for money within the local market context?	Shared ownership: TGE affordability calculation	Affordable to 42% of local households	Affordable to 65% of local households	96% of homes are affordable at the green and amber levels*
	Retirement rentals: Stakeholder interviews	Market level rates; approximately 22% of residents in receipt of Housing Benefit	Market level rates; approximately 22% of residents in receipt of Housing Benefit	Market level rates; approximately 27% of residents in receipt of Housing Benefit

*In 2022, TGE created a new affordability tool as part of the Equity Impact Project. This tool assesses the proportion of properties that are considered affordable according to a fixed definition of affordability (see description in the section below), whilst the previous tool estimated the proportion of households in the local authority that would be able to afford the homes without spending more than a third of their income on housing costs.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI working with partners to ensure that quality services and outcomes are delivered for the residents?	Shared ownership: RP grading	G1/V2	G1/V2	G1/V2
	Shared ownership: Stakeholder interview assessment	Strong partnership; keen to work together more	Strong partnership; are now working together more holistically across activities	Strong partnership; with advantages of having an in-house property manager being felt
	Retirement rentals: Stakeholder interview assessment	Good working relationship	Since ReSI brought the retirement rentals management team in-house, communication has improved. The quality of service delivered to residents has also improved, as increased digitalisation has sped up processes	All residents were positive about the quality of housing management
	Retirement rental's management: Trustpilot rating	Girlings: 4.4/5	My Future Living: No reviews as of 30 September 2021*	My Future Living: 4.5/5 as of 30 September 2022 FirstPort: 3.7/5 as of 30 September 2022
	Local authority temporary accommodation: Stakeholder interview	Arm's length relationship; some disputes regarding responsibilities for ongoing maintenance	Good working relationship; disputes have been largely resolved and are not affecting residents	N/A – insufficient information

*My Future Living was a new entity launched July 2021, and had not received any reviews on Trustpilot.

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI driving delivery of affordable housing that would otherwise not take place?	Number and percentage of new build homes	Overall: 171 of the 2,708 homes in ReSI's portfolio (6%) were new builds Percentage of 2019–2020 spend on new build homes: N/A	Overall: 230 of the 3,005 homes in ReSI's portfolio (8%) are new builds Percentage of 2020–2021 spend on new build homes: 46%	Overall: 295 of the 3,298 homes in ReSI's portfolio (9%) are new builds Percentage of 2020–2021 spend on new build homes: 34%
	TGE additionality scale	Overall: Low Shared ownership: Medium Retirement rentals: Low Local authority: Low	Overall: Medium Shared ownership: Medium Retirement rentals: Low Local authority: Low	Overall: Medium Shared ownership: Medium Retirement rentals: Low Local authority: Low

IMPACT OBJECTIVE	IMPACT METRICS	RESULTS 2020	RESULTS 2021	RESULTS 2022
Is ReSI improving the energy efficiency of homes?	Percentage of homes/ units with EPC rating C+*	All homes/units: 80% Shared ownership: 99% Retirement rentals: 86% Local authority temporary accommodation: 18%	All homes/units: 81% Shared ownership: 90% Retirement rentals: 87% Local authority temporary accommodation: 18%	All homes/units: 85% Shared ownership: 85% Retirement rentals: 93% Local authority temporary accommodation: 18%
	Percentage of homes/ units with EPC rating E+	All homes/units: 100% Shared ownership: 100% Retirement rentals: 100% Local authority temporary accommodation: 100%	All homes/units: 99.9% Shared ownership: 99.9% Retirement rentals: 99.95% Local authority temporary accommodation: 100%	All homes/units: 99.9% Shared ownership: 99.7% Retirement rentals: 100% Local authority temporary accommodation: 100%

* EPC data was available for 94% of properties.

APPENDIX 3: RESI HOUSING EQUITY IMPACT PROJECT DISCLOSURE

EQUITY IMPACT REPORTING FRAMEWORK

Residential Secure Income REIT plc ("ReSI")
This is based on the EIP Framework.

ReSI aligns to the Equity Impact Project Affordable Home Ownership theme.
Delivering shared ownership homes to households unable to buy on the open market.

ReSI aligns to the Equity Impact Project Social Care (Transitional Supported Housing) theme.
Seeking to meet the growing demand for specialist temporary housing and support.

ReSI aligns to the Equity Impact Project Environmental Sustainability theme. Seeking to help mitigate and adapt to climate change, protect and restore ecology and use resources sustainably.

STATEMENT OF PRACTICE ON FUND STRUCTURE AND IMPACT GOVERNANCE	
Statement on Fund Additionality	**Shared ownership:** The Fund's shared ownership portfolio has increased over the past 12 months, as ReSI has continued to acquire existing shared ownership properties from a range of RPs as well as new-build homes. In 2022, 246 properties were added to the portfolio, including 60 new builds. Acquiring existing homes from housing associations frees up the organisations' capital and enables them to develop more homes. Whilst unable to influence how the funds are spent, ReSI have acquired 97% of its tenanted stock from not-for-profits who are required to reinvest the capital into their organisation, which is likely to include developing new homes or improving existing stock. **Retirement rentals:** ReSI acquired the majority of its portfolio of retirement rental homes from other investors between 2017-2019, which kept them in the retirement sector. These homes are rented in line with market rates and therefore are not considered to be affordable or social housing. Accordingly, TGE considers that ReSI is bringing low additionality to the sector through these homes. **Temporary accommodation:** ReSI's two blocks of temporary accommodation were acquired as a passive transfer of stock, with leases and contracts already in place. Although ReSI has not contributed to increasing the supply of social housing with this acquisition, the Fund's investment has kept the buildings in the social sector.
Statement on Approach to Impact at Exit	ReSI plc is a long-term holder of real estate, modelling a hold period of 50 years in its financial models. As a result, it does not have a strategy for impact on exit.
Statement on Impact Risk Management	For its shared ownership properties ReSI follows Gresham House's Shared Ownership Charter which describes risks associated with the shared ownership model and mitigating actions. In addition, a large proportion of the shared ownership and retirement rental stock is managed by ReSI Property Management Limited (RPML) – which enable the fund to have a greater influence over how the properties are managed. The Fund have also commissioned TGE to publish an Impact Report. The report incorporates feedback from partners and residents to identify if stakeholder needs are being met, and where improvements can be made. TGE also identified risks associated with the Fund in-line with the Impact Management Project's nine dimensions of impact risk. For the temporary accommodation TGE has highlighted some risks linked to these properties, with the highest being "evidence risk". ReSI rents directly to the local authority or to Mears, with no requirement to report resident outcomes; therefore, the Fund is limited in the actions it can take to minimise these risks. However, they do maintain a good relationship with the lessees of these properties.

HOUSING AFFORDABILITY QUALITATIVE STATEMENTS

Managing repairs and renovations for leasehold properties where the Fund maintains ownership over the freehold	**Shared ownership:** ReSI's new-build shared ownership homes adhere to the government's new shared ownership lease guidelines – cost of repairs and maintenance will be covered for 10 years from move-in. The Fund's homes that completed construction pre-2021 (approximately 80%) are subject to the government's previous shared ownership lease: for these homes residents will be liable for repair and maintenance costs after two years. For all properties where ReSI owns the freehold, RPML are the property managers and responsible for making repairs and setting service charges. An external property manager manages the properties where ReSI does not own the freehold. Most residents were positive about the quality of property management; however, some did not think the service charge was justified or delivered transparently. **Retirement rentals:** My Future Living manages the properties, and subcontracts third parties to oversee repairs. My Future Living regularly renovates properties and will support residents to access grants for bespoke modifications. All residents TGE spoke to were happy with the quality of repair works, but most felt improvements could be made to My Future Livings' renovation works with regards to the heating systems and/or bathrooms. My Future Living is actively addressing both renovation concerns across its portfolio.

SOCIAL CARE (SUPPORTED HOUSING) QUALITATIVE STATEMENTS

Asset Management Approach	As freeholder, ReSI Housing's responsibilities are insuring the buildings, as well as repairs and maintenance of some the communal services, such as the lifts, the common area and the smoke detectors. The Fund visits the buildings at least once a month to check the upkeep of the communal areas is being carried out as it should be.
Rent Setting and Value for Money	ReSI has aligned the Local Authority lease payments with relevant private sector rent levels.
Target Need	People experiencing or at risk of homelessness

ENVIRONMENTAL QUALITATIVE STATEMENTS

Mitigate Climate Risks	**Shared ownership:** ReSI adhere to Gresham House's Shared Ownership Environmental Charter which requires; New build property acquisitions must have a minimum EPC rating of B; and all properties developed will meet the Future Homes Standard. In addition, the Charter restricts investment in new properties in medium or high-risk flood areas. The Fund is also aware of overheating risk and will conduct property-by-property assessments to identify and ensure the correct balance between the need for insulation and risk of over-insulation is achieved. **Retirement rentals:** ReSI have been continuing to take steps to upgrade the energy efficiency of its EPC D rated directly rented retirement rental properties. In the year since 2021, ReSI has upgraded 113 D rated properties to at least a C, representing 61% of the total. **Temporary accommodation:** Under the terms of the lease, improvements to the dwellings are the responsibility of the leaseholder. No request from the leaseholder to improve the energy efficiency of the buildings has been forthcoming.
Reach Net Zero	The Fund has an impact-tied staff incentive to improve the environmental performance of stock. ReSI is currently working with a climate consultant to determine its carbon baseline and to develop a 'Road to Net Zero' report detailing its plan to reach net zero. This will include measures on how to reduce the operational emissions of properties and reduce emissions from embodied carbon in the build process.

METRIC REPORTING

This is based on the EIP Framework.

SOCIETAL IMPACT AREA 1: HOUSING AFFORDABILITY

Everyone has access to a secure and affordable home.

Increase Supply

- **Shared ownership:** 794 homes funded:
  - 63% passively acquired, 37% forward purchased
  - 37% grant funded: 63% self-funded
  - 100% completed
- **Retirement rentals:** 2215 homes:*
  - 100% acquisition – existing retirement rental stock
  - 100% self-funded
  - 100% completed

Shared ownership – Projected number of individuals housed: **1,530**

Retirement rentals: – Projected number of individuals housed: **2,507**

*33 properties, which are have long term leases to an external property manager, are excluded from the analysis due to insufficient data.

Target Need

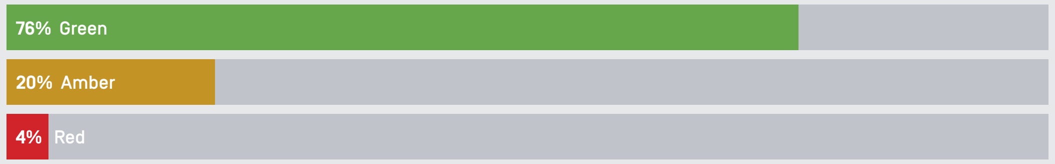
- **Shared ownership:**

- **Retirement rentals:**

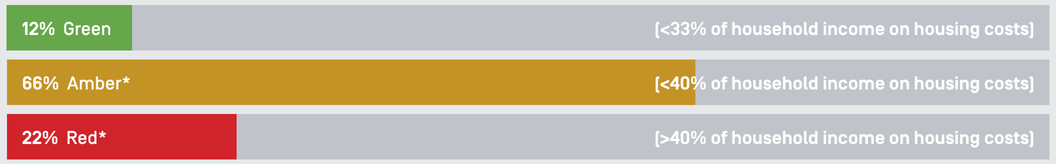
*Excludes five units in Scotland where there was insufficient data on the affordability ratio.

Deepen Affordability

- **Shared ownership:**
  –



  - Green level - 25% equity stake, households with sufficient income to buy a lower quartile property in the local authority, would spend less than 33% of their income on housing costs. 96% are affordable. Amber level – these same households are able to cover housing costs with less than 40% of their income.
  - For sold properties that have a service charge, on average service charge payments are 23% of rent paid on the resident's unowned equity.
- **Retirement rentals:**
  - Rents are set at private rental sector (PRS) levels. A comparison of ReSI's rents (minus service charge) with local PRS rates indicated that properties rents are often at or slightly below lower quartile rents for the local authority.
  - Sub-market tenure affordability test:*

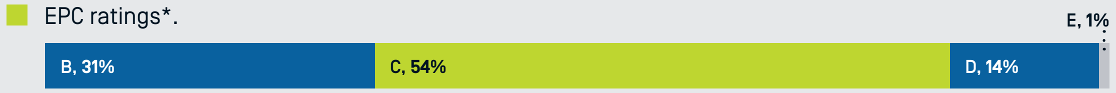


*Excludes 22 properties that don't have publicly available local authority earnings data. And assesses the affordability of the tenants rents, including where a portion of the rent contributes to service charge payments.

Improve Home and Place

- **Shared ownership:**
  - 99% of homes meet the Nationally Described Space Standard.
- **Retirement rentals:**
  - The average retirement one bed flat is 82% of NDSS and the average retirement two bed flat is 97% of NDSS. ReSI also have slightly larger one bed flats which are 117% of NDSS. The NDSS calculation excludes communal lounges and common areas.
  - 85% of the properties are rented on an assured tenancy.

SOCIETAL IMPACT AREA 2: SOCIAL CARE (SUPPORTED HOUSING)	Those receiving care do so in quality, appropriate accommodation.
Temporary Accommodation	
Increase Supply	289 Temporary Accommodation units funded. Accommodation for those experiencing or at risk of homelessness.
Deepen Affordability	100% of properties are rented at above LHA rates to the leaseholder. The properties are rented at private sector rent levels, with agreed rent increases across the leased period.

SOCIETAL IMPACT AREA 3: ENVIRONMENTAL SUSTAINABILITY	Environmental Sustainability.
EPC ratings	EPC ratings*.  EPC data was available for 94% of properties.
Total capacity of renewable energy production	0Kwh
Scopes 1, 2, and 3 greenhouse gas emissions (asset performance level)	Tonnes CO_2 Emissions Scope 1: 2 Scope 2: 76 Scope 3: 4,644.

INDICATORS NOT REPORTED ON BY RESI	EXPLANATION
Retirement rentals	
% of households meeting a designated building quality mark	ReSI has not signed up to any benchmarking group for its properties. It prefers to use EPC ratings as its guide.
Temporary accommodation	
Number of beds occupied	ReSI do not ask Luton Borough Council for any reporting on the management services provided as there would be no obligation on them to provide that information to the Fund. There is no reporting requirement under the lease, apart from matters which may affect or vitiate the Buildings and Engineering asset insurances.
Breakdown of people by previous accommodation	
% of residents in receipt of support alongside their accommodation	
Environmental sustainability	
% of properties aligning to a green building rating standard	ReSI has not signed up to any benchmarking group for its properties. The Fund sets its own standards through the Shared Ownership Customer and Environmental Charter, and a full project appraisal is carried out prior to acquisition of new build dwellings. For acquisitions of existing stock, ReSI uses EPC ratings as its guide.

Key learnings

ReSI's main areas for improvement are:

- Improving the environmental performance of its shared ownership portfolio through retrofitting properties and installing renewable energy capacity.
- Mitigating risks of negative impacts from the temporary accommodation by improving the data overview of the properties.

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