



**CERTITUDE.LONDON**  
FOR THE LIFE YOU WANT

**Progress**  
HOUSING GROUP

Complexity in finding our way through  
Property Investment

# Why is this important

- The increasing demand for bespoke, community-centric, adapted housing, capable of providing a supportive environment for adults with long-term care needs (“supported housing”)
- The UK and individual European Governments project a 50%+ growth by 2030 for supported housing able to assist people with learning disability in addition to other demands. This unmet supply is projected to continue to increase significantly as populations and demographics grow
- Significant capital investment is therefore needed to cater for this growing demand



# Options for Organisations in the Care and Support Sector

- We work with over 17 Housing Providers, we have significant issues with a large number of these
- Current stock is ageing and has lacked real investment for years
- Really difficult to get Registered Housing Providers (RPs) to deliver good proactive maintenance or timely day to day management, they are struggling with not having sufficient quality contractors
- We know RPs have very stretched capital improvement programs and they are not wanting to invest in Supported Living
- Number of RPs wanting to sell of their Supported Living stock
- RPs now have 25-year programmes for Bathroom and Kitchen replacement
- Majority of our current housing provision is shared accommodation as opposed to self contained units



# Options for Organisations in the Care and Support Sector

- The commissioning landscape is evolving whereby more requests are being received that require a 'readymade' housing offer to accompany tender submissions
- To retain and win new contracts we have to be able to show we have a property offer
- Expectation that providers will have instant access to properties available within a short period after contract mobilisation
- Commissioners not always willing to take on any void responsibility and are not always willing to be part of a housing agreement
- We are seeing commissioners offering spot placements only, thereby placing further risk on providers when entering into longer term housing agreements
- London property prices make investment challenging, £3m investment in London buys you less than in other places in the country, investors take on more challenge in getting a good level of return
- Property offers are different between MH and LD, in some instances our LD offer may require specialist housing support and adaptations



# Potential Investment Options

- Use reserves
- Take out Mortgages or loans
- Sale and lease back- generate funds for property investment
- Work with Registered Housing Providers
- Use Social Investment funders
- Use Independent Developers
- Use RPs who have their own capital
- Shared Ownership via HOLD
- Use Grant
- Family Investment





# Risks

- Length of lease terms required that would not be co-terminus with care and support contracts- potentially up to 10 years but most have “change event” break clauses now – can also be mitigated by separating out the deal structure
- Financials may make Housing Benefit approvals difficult
- Do these organisations share the same values we would want?
- Carrying the rent void risk in full in some instances, local authorities do not always underwrite or share void risk, although RPs usually offer some initial cover
- No guarantees of referrals as most placements are now on spot arrangement
- Housing regulators continue to review housing investment organisations
- How much additional financial risk would this entail and would organisations be able to sustain this with all the other pressures





# Questions

- Is this an area of priority for you?
- What has worked and not worked in your organisations?
- What learning can you share with others?





Thank you

