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Greater London Authority Impact Report 2023/24

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Welcome

Introduction

In 2015, Big Issue Invest (BII) partnered with the Greater London Authority to create the London Affordable Housing Programme ("the Programme"). Since then, we have invested £11.4m in 13 projects linked to 110 new affordable homes (88 investments completed and 22 underway), with another 200 in the pipeline. We are on track to deliver 90 additional units by March 2027.

The original objective of this partnership was to fund a wide range of "non-traditional housing" projects delivered by charities and social enterprises including 'lease-and-repair' and the conversion of empty homes. These projects would create 200 new affordable homes as well as training and employment opportunities. The programme has been funding Community Land Trusts and community-led developments, reinforcing the programme's focus on funding projects that enable marginalised communities to access safe, affordable housing. Furthermore, 58% of the Programme funding has been invested in areas of high deprivation, boosting the local economy.

In addition to funding, Big Issue Invest provides support to development projects to help them to successfully apply for planning permission. Having a credible partner like Big Issue Invest also makes it easier for projects to raise other forms of capital: throughout the course of the Programme, we have unlocked £20 million funding from other investors.

The Programme has shown how targeted investment that crowds-in additional investment and non-financial support can effectively tackle the housing issue in a community-led way. Big Issue Invest is looking to establish similar programmes in other regions of the UK to unlock housing for the most disadvantaged communities, building on its mission to tackle poverty and social inequality.

Danyal Sattar
CEO, Big Issue Invest
August 2023

In numbers

£11,356,000	13	110
invested	projects	new affordable homes

Housing problem in the UK

The UK faces a critical shortage of affordable homes. This crisis has roots in the 1980s with the decline of social housing, which provides a stable and lower-cost option for those in need. Social housing can take the form of lower rents or alternative ownership models. While the government aims to increase affordable housing supply, the current rate falls short of demand. This lack of affordable options makes it harder for many to escape poverty, especially low-income families and vulnerable individuals, who face the brunt of rising rents and repossession threats.

Furthermore, poor housing quality adds another layer of hardship. Living in damp, cold, or overcrowded homes can have a detrimental impact on physical and mental health. A study by the Building Research Establishment estimates that 2.6 million homes in England (11%) are categorised as poor quality and hazardous to occupants, with the health effects costing the NHS up to £1.4 billion per year in treatment bills[1]. In particular, there is a strong link between cold homes and health: as fuel costs have risen, many cannot afford to pay to heat their homes, leading to respiratory conditions, cardiovascular diseases, poor mental health, dementia, hypothermia and problems with childhood development.

The situation in London is particularly concerning. London consistently faces higher housing costs compared to the rest of the UK, with average house prices significantly exceeding the national average by 72%[2]. London faces a severe social housing shortage, leaving many struggling to find decent and affordable accommodation. Currently, more than 323,000 households are on local authority waiting lists[3], while the private rented sector under-regulated and offers insecure accommodation. For many, it becomes a difficult choice between being able to afford necessities while paying unaffordable rent or leaving their communities behind to move to more affordable parts of the country.

By failing to address the shortage of affordable and good quality housing, the UK risks exacerbating existing inequalities and hindering social mobility.

[1] Building Research Establishment, The Cost of Poor Housing in England, 2021
[2] Greater London Authority, Housing in London - The evidence base for the Mayor's Housing Strategy, November 2023
[3] Ministry of Housing, Communities and Local Government, 2023

Unlocking Community Housing

Most social housing is built by local authorities, housing associations, and developers. In recent years, developers have built half of all new homes[4]. However, large developers often struggle with smaller or complex urban sites (e.g., brownfields, fragmented ownership). Additionally, shared ownership housing (allowing buyers to purchase a share of a property and pay rent on the remaining portion) presents challenges for commercial developers as the UK mortgage market has not caught up its offering.

Community-led housing offers a unique approach to revitalising small, underutilised sites. However, these projects require specific financial backing to succeed. Community Land Trusts, often run by volunteers, can face delays. As a patient investor, BII provides these organisations with more flexibility in funding, ensuring projects overcome common setbacks. BII also supports and lends credibility to projects by providing letters of intent in the early stages. When BII acts as the lead investor, it takes on the initial financial risk before planning permission is secured. Additionally, BII connects these projects with other funders or programs to fill any funding gaps. BII's two decades of experience working with community social enterprises is key in supporting and guiding these organisations throughout the planning process.

[4] Homes England, Guidance November 2023

Key Takeaways

"The three most important lessons I've learnt from the Greater London Authority Programme"

Glenn Arradon,
Investment Director

1 Genuinely affordable community-led housing takes time and patience to get right; from engaging with local communities, and identifying and securing the site, to designing the best possible homes, and raising the right finance.

2 Projects need the right mix of money. That means some secured development finance, some housing grants and some concessionary risk finance. Without the kind of flexible finance made available by the GLA, it wouldn't have been possible for us to take the same level of risk.

3 It takes a whole community of investors to get stuff done. Early pre-development finance from BII, CAF Venturesome and Tudor Trust made it possible for ethical Banks like Triodos, Charity Bank and Nationwide Building Society to take the lead during development.

Tom Copley, Deputy Mayor for Housing and Residential Development said:

"I'm pleased that City Hall has been able to back Big Issue Invest to lend to high-impact community organisations delivering homes for Londoners, including exciting new community-led housing projects like Citizens House in Lewisham. Fixing London's housing crisis will require every part of our housing system to do more, and this funding is helping build capacity to deliver much-needed homes and a fairer, more prosperous London for everyone."

Big Issue Invest is one of the UK's leading social impact investors

Founded by impact entrepreneurs Lord John Bird and Nigel Kershaw OBE, from the Big Issue Group. We invest in social enterprises, social-purpose businesses and charities creating core solutions to end poverty in the UK.

Since 2005, we have invested over £90m in more than 350 organisations, as part of the mission of Big Issue Group – to create innovative solutions through enterprise and unlock social and economic opportunity for people affected by poverty.

Our Strategic themes

Championing impact first investing – being at the leading edge of impact investing, we invest to enable everyone to participate fully in society.

Supporting with more than money – we provide ongoing support and access to our networks to help our investees achieve their business and impact goals.

Pushing for social equality – we back organisations that are directly tackling inequality and support people who are experiencing disadvantage.

Our Programmes

Accelerator Programmes: to support and develop early-stage social ventures.

Social Impact Loans: to establish and grow sustainable business models.

Growth Capital: to drive growth and innovation of social purpose organisations through securitised and non-securitised debt and equity and equity-like products.

Big Issue Invest 2024 Impact

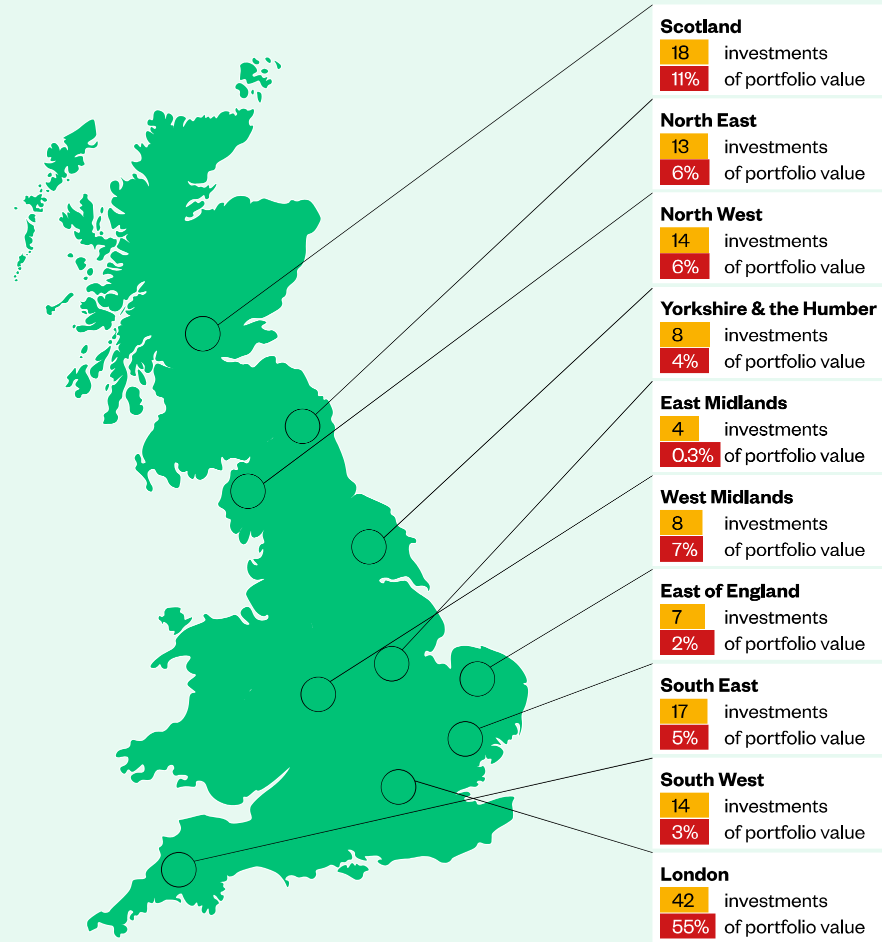
£67,733,000
Assets under management

145
Investees supported

1.8 million
People supported by our investees

67% of BII's funding is with investees based in the top 40% most deprived areas in England

29% of BII's invested funds are in organisations primarily supporting those who are living in precarious housing or homeless.

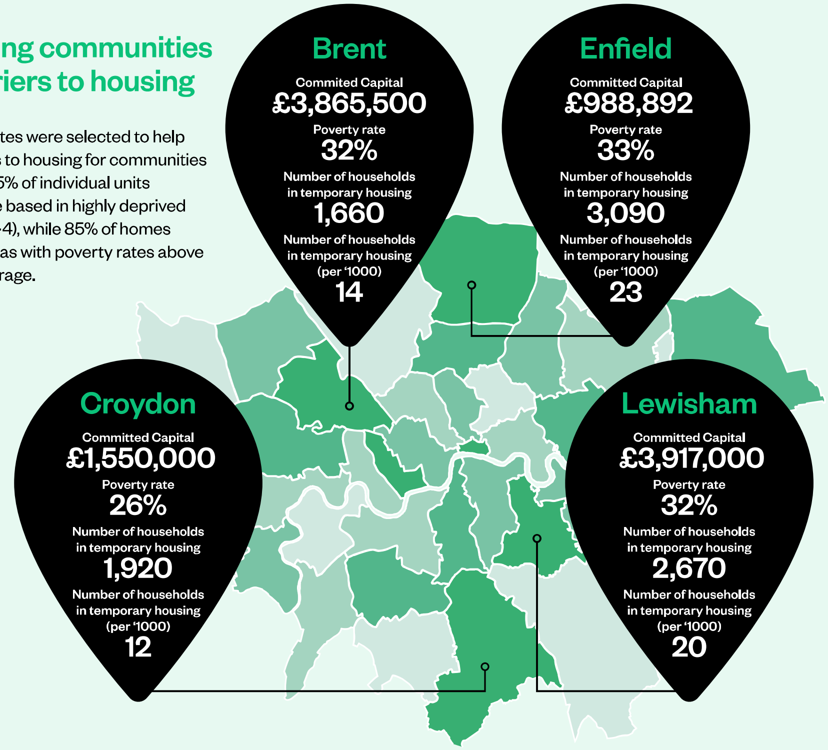


Key investments

Investments	Borough	Number of Housing Units	Committed Capital (£)	Start on site date
Phases	Newham	5	209,693	03/03/2016
Habitat for Humanity (Ringstead Rd)	Lewisham	2	142,000	01/05/2016
RUSS (Church Grove)	Lewisham	36	1,275,000	21/09/2021
Habitat for Humanity (East Street)	Barking and Dagenham	3	100,000	12/01/2019
Bucklane Estates Ltd	Kingston upon Thames	1	150,000	07/12/2016
Cromwood (Empty Homes)	Croydon	5	400,000	06/06/2017
Cromwood (Melrose Avenue)	Croydon	5	1,150,000	01/08/2017
Cromwood (Fullers Avenue)	Kingston upon Thames	1	250,000	31/07/2018
Tamil Community Housing (Craven Park)	Brent	2	602,500	31/07/2018
Tamil Community Housing (Cottrell House)	Brent	13	3,263,000	31/07/2018
Cromwood Housing (Baden Powell Close)	Kingston upon Thames	4	325,000	18/09/2022
London Community Land Trust (Brasted Close)	Lewisham	11	2,500,000	31/03/2021
Naked House Community Builders	Enfield	22	988,892	15/05/2024
	Total	**110**	**11,356,085**	

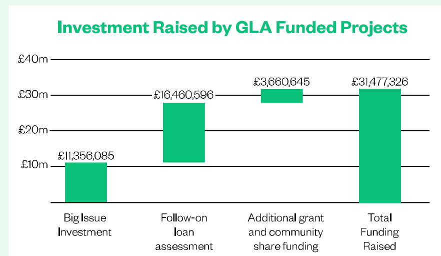
Supporting communities with barriers to housing

Development sites were selected to help improve access to housing for communities most in need: 75% of individual units developed were based in highly deprived areas (deciles 1-4), while 85% of homes were built in areas with poverty rates above the London average.



Catalysing further investment

■ Big Issue Invest has been the lead investor in 11 out of the 13 projects. Big Issue Invest's commitment and support brings further credibility to the projects and has led to over £20 million in follow-on investment from our partners and other investors.



Creating employment opportunities

■ Since the start of the funding programme, the investees have supported

16
people in apprenticeships

23
individuals into employment

London Community Land Trust

London Community Land Trust (London CLT) is a community-led organisation working with local people to create affordable homes and community spaces. London CLT is a membership-based organisation open to all London residents, and they currently have more than 3,800 members.

London CLT work with local people to campaign and bid for land in their boroughs. The homes are designed by people in the local communities, who choose the architects and construction companies, apply for planning permission and decide on the allocation of the completed units. London CLT's work is all about ensuring local people have control over their homes, blocks and neighbourhoods. The aim is for any new development project to integrate the local community, rather than displace it.

Crucially, London CLT ensures affordability by pricing the homes relative to local median incomes for each borough, based on Office of National Statistics Data, so that residents are not faced with financial stress related to housing and don't spend more than a third of their income on housing costs. They also ensure affordability in perpetuity: as residents move out, they must sell the property at rates linked to local earnings. To make sure the homes are going to those who need them, they are only available to people who do not already own properties and who will be living on site.

Citizens House Project

In 2021, Big Issue Invest made an investment of £2.5 million into London CLT to build the Citizens House project near Sydenham, Lewisham.

It was the organisation's first direct development and initially started as a campaign in 2014, with members of the local community walking the streets of Lewisham to find potential sites for development. After presenting 43 sites to Lewisham Council, the location was finally agreed in 2016. After years of local workshops and collaboration with Lewisham Council to develop designs, proposals were submitted for planning in June 2018, and the team received planning permission in April 2019. London CLT entered into a funding agreement with the GLA in October 2020 to help fund the project, with Big Issue Invest making its investment in 2021. Big Issue Invest helped to fund the professionals working on the project, including the architects and surveyors. Construction began in the same year, and the first residents moved in at the beginning of 2023. In total, the development houses 11 individuals.

Community-led housing can be an effective way to deliver much-needed social housing

Through the innovative London Affordable Housing Programme, Big Issue Invest has demonstrated that community-led housing can be an effective way to deliver much-needed social housing, particularly in smaller, complex urban sites where commercial development is not viable.

Critical to the program's success has been Big Issue Invest's experience working with social enterprises with deep community engagement. BII's flexible and patient approach ensures projects remain viable to completion, despite potential setbacks. To date, the programme has had 100% completion rate for all the projects. BII's role in developing this programme in partnership with Greater London Authorities has enabled it to broker meetings and unlock opportunities for community land trusts, successfully building 88 units of housing, with a further 22 in construction.

To continue with this work, Big Issue Invest is looking to apply this model of housing development to other areas of the UK, fostering strong partnerships between local government and social enterprises.

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