

The rise of Profit-with-Purpose Investment Companies working to solve the affordable housing crisis in the UK.

Profit-with-Purpose Investment Companies

There is a new-wave of private-sector companies talking about “doing social good” or “creating social impact” alongside creating profit. The exploding global focus on ESG credentials and social impact measurements across the investment world has unsurprisingly resulted in long term investment into social housing emerging as the attractive asset class that it is. This interest has resulted in the flood of for-profit housing associations being registered by the RSH over the past couple of years, but also profit-with-purpose investment companies coming to the fore.

Cynics may see this trendy bandwagon as just that, private-for-profit companies simply paying lip-service to win favour with public sector partners to earn ESG credentials. That may have been the case a decade or so ago but today there is pressure on institutional investors to demonstrate they actually walk the green walk and are not just ticking boxes for cosmetic purposes.

In financial terms, Social Impact (the S in ESG) is now seen as a true risk-mitigator for institutional investors and is starting to be formally recognised as the third standard investment measurement tool alongside the age-old stalwarts of risk and return.

This all adds up to a genuine motivation from investors and other profit-with-purpose companies to work with public sector partners to create a social impact in the communities they work in. One obvious way of creating that impact is to help find the solution to the affordable housing crisis in this country.

Phi and IRIS – speeding up property acquisitions

As a profit-with-purpose company ourselves, Phi has invested years in developing relationships with public sector bodies and understanding the drivers and pressures they operate under to deliver the services they have a legal duty to provide in their communities. We have educated investor upon investor and created Social Impact Funds to invest directly, or to co-invest alongside public subsidy to deliver as much affordable housing as we can. All of these investments have been made ahead of any financial gain being realised. We are committed to making this ongoing front-loaded investment so it can help us achieve our corporate purpose of “solving the social housing crisis in the UK”.

But by far our biggest investment to date has been into our PropTech platform IRIS (www.phi-ci.com/iris/sourcing). IRIS offers councils an “Amazonesque” click and buy-style process to order property that matches a very specific local housing need. Knowing how under-resourced councils are, we built IRIS to relieve the administrative burden and time-consuming processes to accelerate the efficiencies of housing delivery for local authorities. As well as delivering both on-market and off-market housing options, IRIS co-ordinates all property viewings and surveys, manages the conveyancing process, holds all documents in interactive data rooms, provides full cost transparency, and creates dashboards and portfolio reporting functions.

Helping to end rough sleeping this year

Our most recent endeavours have been in collaboration with MHCLG, Homes England and the GLA to help deploy recently announced NSAP and RSAP subsidy into move-on accommodation, to help the Government achieve its objective of ending rough sleeping, by acquiring 2,700 homes across the country by April 2022.

For authorities without an HRA we have developed a leasing model that meets the criteria set out by MHCLG and complies with Homes England grant agreements.

For those stockholding authorities with PWLB borrowing and an HRA reserves, we are able to use IRIS and the Phi acquisitions team to help source, validate, survey and carry out all legal due diligence for them to acquire housing directly themselves.

As a specialist affordable housing asset manager, we have the experience, expertise, networks and technology to scour the marketplace and identify the most suitable properties and development opportunities and present them to our local authority partners to pick and choose which properties or developments best meet their needs.

Without doubt, turning the tide on the chronic affordable housing shortages this country is suffering is going to require a vast collaborative network of organisations (private and public) working in partnership towards a common goal. What better common goal to be working towards than ending rough sleeping this year?

To deliver 2,700 homes across England in the next 10 months is going to be a Herculean task, but we stand here with our partners of institutional investors and developers, with our tried and tested technology and our team of experts ready to help deliver that goal.

We are both a for-profit company, and at the same time a for-purpose company... right now our purpose is to help end rough sleeping by April 2022.

You can learn more about us and our values on our website www.phi-ci.com or by giving us a call and talking through how we might help you in your endeavours.