



PEOPLE
POTENTIAL
POSSIBILITIES

GAINSBOROUGH HOUSING AND SUPPORT PROJECT

UNLOCKING POTENTIAL THROUGH HOUSING



Sortified

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March 2020

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Executive Summary



P3 and West Lindsey District Council (WLDC) are working together to develop a viable housing solution for Gainsborough in Lincolnshire with a focus on the South West Ward. There is considerable need to invest in housing within the ward that is the 24th most deprived area of England, and that has considerable issues around the quality of housing, empty homes, absent landlords, and social inequalities.

It is proposed that P3 will purchase and refurbish c100 properties in Gainsborough over a 5-10 year period. WLDC will transfer an additional 12 properties, making a total of 110-120 properties within the project portfolio.

The cost of the project will be approx. £5 Million. Funding for the project will come from a grant from WLDC, and from external investment. It is anticipated that any surplus from rental income will be used to purchase further properties, improve local infrastructure, and invest in the local area.

Where surplus arises, the local community will be consulted to generate ideas around improvements, we anticipate investment could take the form of creating or improving communal spaces, developing community hubs/buildings or investing in infrastructure to bring in additional finance via grants and social investment.

There are a number of key areas of social return that this project will deliver. These are:

- Safe affordable, and quality housing
- A safer place to live
- Community stability
- A lifetime tenancy for the people of Gainsborough

This document concludes that there are a significant numbers of reasons for undertaking the project, and that the project will create a viable housing ecosystem in the south-west ward of Gainsborough that delivers affordable, quality, and secure housing that leads to improved outcomes for the people who live within the homes, and the community around them.

Overview



P3 (People Potential Possibilities) is an aspirational and inspiring charity and company limited by guarantee. P3 is all about improving lives and communities by delivering services for socially excluded and vulnerable people to unlock their potential and open up new possibilities. P3 and its subsidiaries provide a wide range of services to a diverse group of people. The organisation does not restrict who it supports to narrow client groups or places but delivers for people where the organisation is needed.

Our Mission, Vision, and Values

Our Mission

Our mission is to improve lives and communities by delivering services for socially excluded and vulnerable people to unlock their potential and open up new possibilities

Our Vision

Our vision is that every person has the opportunity to be a full and valued member of a society where social exclusion and isolation no longer exist. It's that simple!

Our Values

We innovate in our work.

We're different, creative and like to think of new solutions.

We are helpful in everything that we do.

We're always friendly and approachable.

We are passionate about people.

We believe that what we do can make a real and lasting difference.

We are determined to tackle problems that others won't.

We always go the extra mile and work with dedication and commitment.

We work together internally and externally to ensure the best outcomes for the people we support.



P3 registered as a charity in 1990 but was founded in 1973. The reach of the organisation goes back to 1884 through the subsidiary organisations that have merged with P3, and while the charity has seen a number of changes over the years, its mission and social ethos remains largely unchanged. The majority of what P3 does is around housing related support, but it also provides accommodation, recovery services, and education. The organisation supports a wide range of people including:

- Young People
- Adults
- Older People
- People with Mental Health as a primary need
- People who are or have been homeless

P3 is made up of four subsidiaries:

P3 Housing - Provides supported accommodation for people who have experienced homelessness

Amber Trust - Provides support and recovery services for people who experience mental health difficulties

Rugby Portobello Trust - Supports local children and young people to fulfil their potential by providing opportunities to build self-esteem and to engage meaningfully with their local community in North Kensington

University of the First Age - Unlocks the potential of young people by raising aspirations across schools, homes and communities, and by creating transformational learning experiences

P3 provides a wide remit of business, but all can be said to link to social inclusion. The organisation as a whole, relates and refers to its five pillars, which, form the organisational core offer. These five pillars are outlined below.



P3 has seen year on year growth in terms of its finances and business operations with a more recent period of stability and consolidation. The organisation now has a turnover of around £25 million per year. The table below outlines income expenditure and surplus figures for P3. These figures exclude Grenfell related income.

	Income (£)	Expenditure (£)	Surplus (£)
2012/13	9,776,000	9,742,353	34,107
2013/14	13,018,000	12,817,594	201,247
2014/15	14,816,000	13,926,514	889,541
2015/16	18,973,000	17,442,185	1,531,046
2016/17	19,130,000	19,005,863	124,910
2017/18	19,819,000	19,549,000	270,000
2018/19	19,514,000	19,136,212	378,074

P3 has a clear set of strategic objectives and strategic targets that mark out its organisational plans for development, alongside its organisational aspirations. The ten strategic objectives are laid out below, and the objectives that will be supported by this business case are highlighted in bold.

	Strategic Objective
1	To become a preferred employer within the health and social care sector
2	To develop and implement a robust digital strategy to support our growth and governance
3	To ensure high quality governance arrangements in order to achieve our overarching strategic aim
4	To ensure that we remain financially secure and viable
5	To ensure the people who use our services are equal and growing partners in the design, delivery, and evaluation of our services
6	To encourage, develop, and support volunteer involvement in our work and our communities, and for volunteers to be significant stakeholders
7	To develop and deliver quality outcome focused services
8	To achieve quality standards and to meet legal and contractual requirements in all of our services
9	To improve the services that we provide by working in partnership with other providers in the statutory, private, and voluntary sectors
10	To broaden the number of services that we provide and deliver more positive outcomes

Social Impact and Outcomes

Last year we worked with 30,000 people

14,800 people used our advice services

This means we help 8 people to change their lives for the better every minute of every day

Our homelessness services enabled 2,300 people to leave the streets

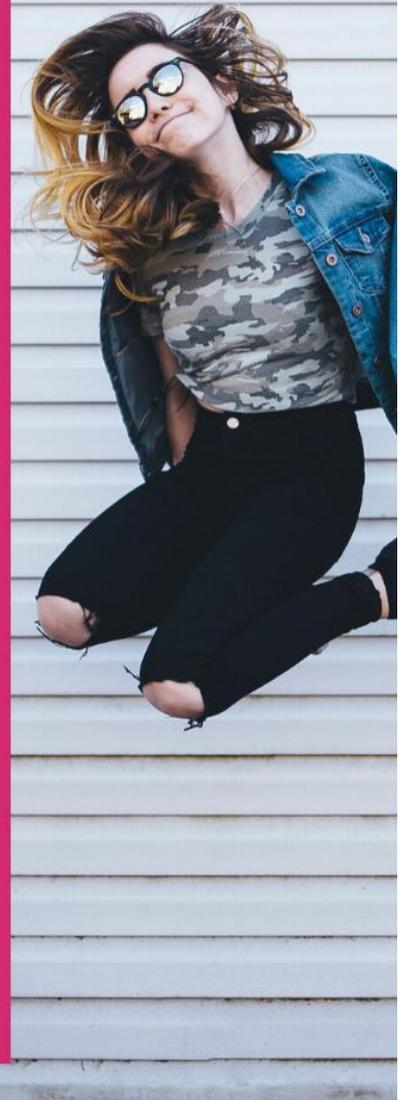
Over 4,000 people have a home provided by us

1,600 people have been supported to move away from a life of crime by our justice services

7,300 young people benefitted from our projects

P3 works in 20 counties and 45 local authority areas

We work with 12,000 people everyday



"No one can understand
unless they've been there...
P3 saved my life"

Gainsborough



P3 currently delivers housing related support in the area, along with street outreach services. As a result, we are aware of the issues in the local community.

As you arrive in Gainsborough, it's easy to pick up on some of the town's underlying issues. There are boarded up houses. An old school stands disused. Shops are empty. Rubbish fills the gaps between houses. There is an air of need about the place.

Gainsborough isn't a name that springs to mind. Most people haven't heard of this small town in the north-west of Lincolnshire, and even less will have visited it. It's not a big town, but it does have big issues.

The people who do come to Gainsborough will pass through vast stretches of countryside as you travel through the predominately rural district of West Lindsey. The rolling countryside isn't what people expect of Lincolnshire, but the town's proximity to the Lincoln Cliff, and the low hills of surrounding Nottinghamshire and South Yorkshire start to have an impact on this part of Lincolnshire. The fact that the River Trent passes through the town also helps to shape the approach, and the surrounding area.

While the area surrounding Gainsborough is rural, the town itself stands out significantly. As you approach you are aware of two large power stations interrupting the views, an outlook which defines the thoughts of the town for a lot of visitors. The main gateways to the town for most road and rail visitors are through the south-west ward of Gainsborough, the 24th most deprived area of the entire country. It's this approach that highlights local needs, and often leaves a lasting impression on visitors.

Gainsborough: Key Facts

- The population of Gainsborough is 20,297
- There are 3 wards
- South West Ward is in the 4% most deprived in the UK (no. 24)
- Life expectancy in Gainsborough is 6.8 years lower for men, and 8.4 years lower for women than in the least deprived areas of West Lindsey
- The unemployment rate in the town is 12.5%
- 300 people are fed weekly through the food banks



However, Gainsborough has some amazing amenities, and as a result of investment and regeneration there have been a number of positives for the town and the local economy. In 2007 Marshall's Yard opened in the heart of the town, within the south-west ward. This regeneration project saw the old Marshall, Sons and Co. factory redeveloped into a shopping, business, and commercial centre. The site is thriving, housing shops, restaurants, cafes, and businesses, including West Lindsey District Council. The car park is always busy, and the site is clearly a jewel in the town's crown. However, it's difficult to ascertain whether people are just driving in for the Marshall's Yard experience and then leaving, and how well used it is by local people?

Just down the road from Marshall's Yard is a new chain hotel which opened in 2019, and the site of a new cinema. Both new developments are being subsidised by the local Council who are keen to support development within the town, and who are striving to change the area's fortunes. They are also supporting growth in housing across Gainsborough, with a plan for the development of 4,350 new homes.

While there are positives within the town, a trip into the town centre demonstrates an increasingly familiar scene of a decaying and a largely abandoned town centre. Historic buildings mix with those from the 1960s and 1970s. There are a lot of empty buildings, and vacant disused areas. It's not a place that feels vibrant. It's a place that feels down beaten and a little lost.

While most outward impressions of the town are negative, Gainsborough has one absolutely stand out feature, its people and the community. Gainsborough has a long history of community action from local employers like Marshalls providing housing and support for its employees in the 1870s, to direct action from local people and tradesmen who fought to save and revive Gainsborough Old Town Hall. The social ethos within the community is supportive and this is evident within the south-west ward and across the local social economy, where community organisations are generating excellent outcomes for people through empowerment and direct interventions.

"There are still good people here.
Now the issue seems to be that
most of the houses on our street
are empty"

Local organisations and agencies are well aware of the issues and problems within Gainsborough and have come together through the Gainsborough Investment Network (GIN) to look at potential ways of meeting need and generating investment and growth across the town. GIN and their partners have examined local needs and issues and have characterised them under six themes.

- Health and Wellbeing
- Mental Health
- Child Poverty
- Housing
- Employment and Skills
- Green Spaces

The analysis of local needs and issues have outlined a large number of 'wicked issues' across the town that stem back to social and economic equalities.

"The issues that we have to face in
Gainsborough are significant. The chronic
underlying issues have the presentation of
inner city deprivation within a rural
town"

During 2019, GIN, partners and the community in Gainsborough were asked to apply to be part of the Local Access Programme, and to start a journey towards seeking funding to support the development of a new social economic model, and a planned approach to meeting the local presenting needs and issues. The Gainsborough Alchemy event was held in July 2019, bringing together a large number of stakeholders to examine local needs and to formulate potential solutions. Leading on from this gathering, GIN submitted a stage 2 application for the Local Access Programme that outlined and laid out potential ways forward against the six themes outlined above. This application was ultimately successful, and the town was also successful in attracting £1.9M from the Heritage Fund to support restoration in the historic heart of the town. Both these successes have helped build momentum for positive change within Gainsborough.

The six areas of need are all linked to a set of underlying issues in Gainsborough that can all be linked to poverty (economic inequality), social inequality, transitional problems, lack of opportunities, low social mobility, and social deprivation. Local partners have also identified key accelerants and disrupters that have acted to amplify these issues. This includes transitional populations, inward migration of families with needs, and lack of coherent cross cutting local strategies.

The combination and level of need within Gainsborough (and in particular within the south-west ward) have been described as a 'perfect storm' of needs which has resulted in increasing negative outcomes for people and communities. As a result, the people in the most deprived areas have been left with the perception that nobody cares.

Housing is one of the six key areas of need for Gainsborough. However, it is not the amount of housing that is the issue for the town. In fact, with the potential development of 4,350 new homes by 2036, the size of the town is set to increase by around 40%. However, most of these homes will be in the uphill area of town and will not meet the prevailing housing needs for people in the more deprived parts of Gainsborough.

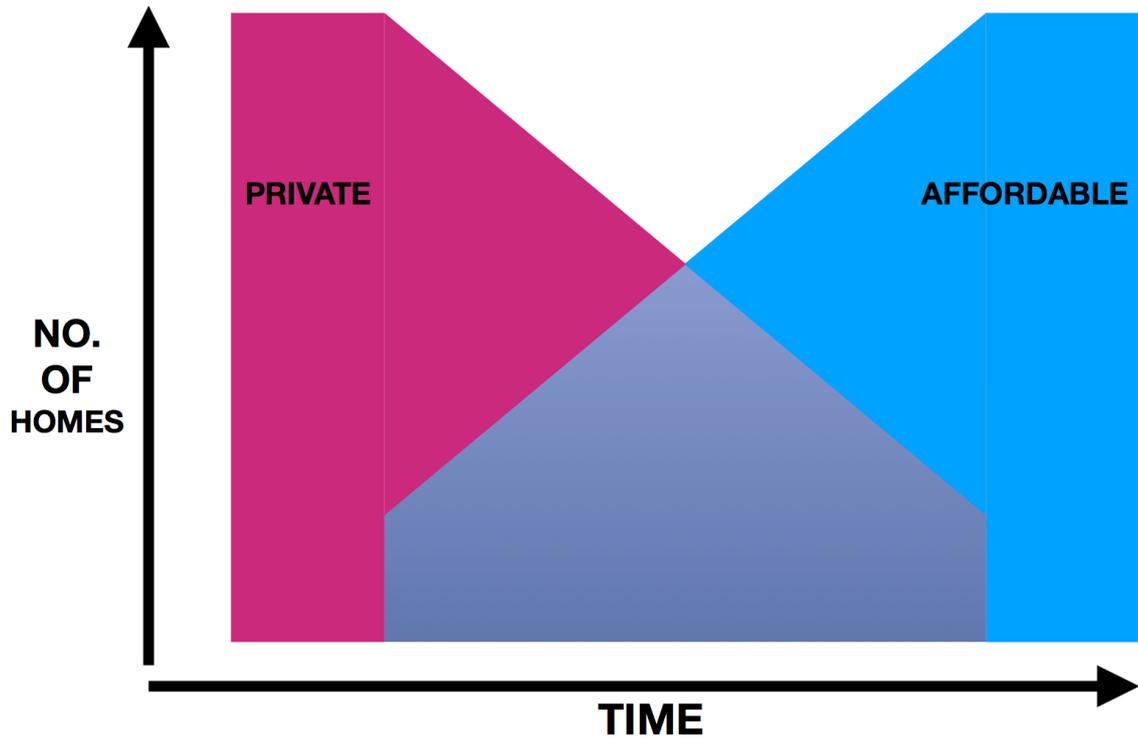
Discussions begun at the Gainsborough Alchemy event have demonstrated potential housing solutions for the south-west ward, and discussions with local housing providers, and national organisations have sought to develop these ideas further.

It is clear that a wide and diverse housing solution is needed for Gainsborough that seeks to further develop the housing market across the town, support the growth of a stable local housing economy, and meet the needs of local people across the entire town. This housing ecosystem will need to look at:

- Increased private owned and shared ownership properties
- Increased affordable housing
- A stabilisation of the private rented market
- Development of a viable housing solution through affordable social rented properties
- Development of local rented housing with support

This housing ecosystem will need to link with local green space strategy (another area of need identified locally) and be supported by housing providers and developers.

The local plan involves a move away from private rental properties in the south-west ward, to a model based on socially managed properties that are affordable, provide long term assured tenancies, and which deliver social and financial returns into the area. This model would see a gradual decrease over time of private rental accommodation within the south-west ward, and an increase in affordable housing across the same period.



Current Housing Position



In considering the potential way forward in terms of the development of a viable housing option for the south-west ward of Gainsborough, it is important to consider the current housing position for the area. While much has been said and discussed around the current position, it can often be difficult to find significant amounts of facts and figures that verify need. While the West Lindsey Housing Strategy 2018-22 contains a considerable amount of information, much of the data is for the district as a whole, and ward level data is often missing, with an emphasis on narrative around specific points and issue. The level of housing data in the Gainsborough socio-economic profile is also very low. As a result, this section has a focus on narrative fact as opposed to data and statistics.

Housing Stock

The south-west ward of Gainsborough has ageing housing stock, with the majority of properties being historical terrace housing. Much of the housing stock is low quality and in a poor state of repair. There are many empty homes across the ward, with poor environment, green space and street scene surrounding the homes. Within this housing stock there is a large number of private rented accommodation, with a large number of absentee landlords. These landlords are drawn to the area by the low cost of housing, and the relative high rental yield available from the properties, linked to the high local housing allowance. The rental profits from these properties benefit these absent landlords, and as a result do not benefit the local community or the town at all.

South West Ward: Housing Statistics

- 33% of all dwellings in south-west ward are reported as being in disrepair or with at least one serious category 1 hazard
- 56% of homes within the south-west ward failed the decent homes test in 2010
- 50% of the housing stock is privately rented
- One in six properties are empty
- Loss of tenancy is the leading cause of homelessness

There is also a need for additional affordable housing across the district with the West Lindsey Housing Strategy stating that 181 additional affordable homes would be needed between 2019-36.

Housing Prices

The cost of housing in Gainsborough is low, with the average house price being £110,645 compared to £230,776 for England. The majority of sales in Gainsborough over the last 12 months were of terraced housing with an average sale of £73,125. Houses prices in the south-west ward are very low with house prices starting at £30,000 to £40,000 for a two or three bed terrace house.

https://www.zoopla.co.uk/house-prices/gainsborough/waterworks-street/?q=Waterworks%20Street%2C%20Gainsborough%20DN21&results_sort=newest_listings&search_source=home

<https://www.zoopla.co.uk/house-prices/gainsborough/stanley-street/?q=stanley%20street%20Gainsborough%20DN21>

Claimants

The south-west ward has an unemployment rate of 13.4%. It also has the highest claimant count within Gainsborough at 365 people. Ward level data is not available post 2011, but local officers have stated that Housing Benefit/Universal Credit claimants within the ward are high.

Licensing

West Lindsey District Council have been seeking to improve the local housing stock which is 50% private rental, and low quality in terms of repair and property management. As a result they have adopted selective licensing within an area of the south-west ward. By adopting selective licensing, the local authority has the power to ensure that all private landlords obtain a licence and if they fail to do so, or fail to achieve acceptable standards, WLDC can take enforcement action, such as imposing fines. The reasoning for selective licensing by WLDC was to tackle anti-social behaviour, poor housing standards, and poor housing management.

Transient Families

Officers within WLDC have stated that there is clear evidence that the low-cost rental market within the south-west ward has led to an inward migration of a transient population. There is evidence of families moving into the area to take advantage of low-cost housing. These families can often bring additional needs with them that can have a negative impact on the community, increase local needs and issues, and decrease community cohesion.

Local Authority Offsetting

Linked to the above issue of transient populations, officers within WLDC have reported that there appears to be some evidence that other local authorities have been targeting Gainsborough to move some of their local issues. This may be by seeking to utilise the low cost housing to house homeless people, but also to move what some areas may consider 'problem families'. While choice of where people live is something that we all seek to uphold, this type of 'offsetting' can lead to negative overall effects within communities.

Tenancy

There is evidence to suggest that issues around tenancies and security of tenure is a significant issue in the south-west ward. 50% of the housing is privately rented on (and assumably on unassured short-term tenancies) and loss of tenancy is quoted as being the leading cause of homelessness in the area.

Public Safety

Data from the Police Crime Maps shows the following trends in local public safety issues.

Crime	2019 Total
Anti-social Behaviour	308
Burglary	126
Criminal Damage and Arson	191
Violence and Sexual Offences	541

Data taken from the Police Crime Map for Gainsborough South

Homelessness

On paper, homelessness in West Lindsey does not seem to be a significant issue with the annual count detailing one rough sleeper. However, we know that these counts do not provide a whole picture and local data from the Lincolnshire Homeless Strategy (2017-21) demonstrates a significantly wider issue.

Decisions	2016/17 Totals
Homelessness Decisions	101
Homeless Duty Acceptances	65
Homeless Preventions	228
Homeless people with a priority of dependent children	42

The top three reasons for homelessness were:

1. Termination of Assured Shorthand Tenancy
2. Violence
3. Relationship breakdown (non-violent)

The Lincolnshire Homeless Strategy highlights issues around housing in the south-west ward of Gainsborough, and the need for cutie agency responses towards homelessness in the area.

Proposal



West Lindsey District Council (WLDC) are clear that a viable housing solution is needed for Gainsborough with a focus on the South West ward. As a result they have begun discussions with P3 around the development of a new housing project that will look to provide affordable, quality housing across the area.

While it is clear that the amount of housing, and demand for housing across the south-west ward (and indeed the town) is not an issue, it is clear that the current housing model is not fit for purpose, and requires change and investment.

The primary drivers for this housing project are:

- Improved quality of housing stock within the south-west ward of Gainsborough
- Tenure security
- Improved environment and street scene
- Improved community cohesion and community stability
- Delivery of additional outcomes, benefits and impacts as a result of improved housing

WLDC have been considering a number of options around the housing issue in Gainsborough's south-west ward, and have looked at and evaluated a number of potential options as part of local housing and place-based strategies, and as part of considerations around the Gainsborough Alchemy event and the Local Access programme. These options have included:

- Developing a West Lindsey Housing Company
- Setting up a Social Lettings Agency
- Selective Licensing
- Develop a local Special Purpose Vehicle for housing and tenancy support
- Work with a local provider to seek social investment to deliver a local housing project
- Work with a national provider to deliver a local viable housing solution

After exploratory work and discussions, it was determined that working with a national provider with the necessary housing credentials and social ethos was the correct way forward. At this time P3 fitted the bill perfectly and were able to deliver a proposal that fitted the local needs.

WLDC are a forward thinking local authority who are taking a place-based approach to local strategic needs. As a result they are looking at the unique needs of Gainsborough, and seeking the changes needed to make real improvements to the town, and for the

people of Gainsborough. WLDC does not hold its own housing stock (this was transferred to the Acis Group in 1999), and they do not have any aspirations to reverse this. The council is small, and does not have a significant turnover or balance sheet. Undertaking this type of project does not fit either their strategic or financial remit. As a result they are neither in a position to deliver this housing project themselves, or have the will to do so.

Under the proposal, P3 will purchase and refurbish c100 homes within Gainsborough, with a focus on the South West Ward. This will be undertaken over a period of 5-10 years. Initially in the first instance empty homes will be targeted for purchase. The plan will include an examination of how street scene and open spaces can be improved.

WLDC are proposing that in order to support this plan, they will enter a funding agreement with P3 that will provide a £1million grant, along with a transfer of 12 WLDC properties to P3. The rest of the investment for the project will come from P3 and its financial partners.

The proposal will lead to a number of outputs and outcomes.

Output	Outcome
The c110 homes will be let at affordable rent. The proposal is that 90% of the homes will be at around £95 per week (£411 per month). The other 10% will be let at an intensive housing management rate of around £250 per week (£1083 per month)	Affordable rent which undercuts private rental properties, leading to disruption of the current unsustainable market
The properties will be let on an assured tenancy basis	By providing lifetime tenancies, tenants will have a more stable living arrangement that supports the delivery of other positive life outcomes
The letting policy for the c110 homes will favour families and economically active couples	Establishment of a more stable community
Refurbishment of properties to meet decent homes standards	Improved quality of housing stock
Appropriate management of the housing stock by P3	Local management and support provided under appropriate social ethos
Retained revenue surplus will be reinvested locally	Increased investment in housing stock, sustainable tenancies and growth in social economy

So why should P3 do this? Well, the answer is multi-fold and relates back to our organisational ethos, and our strategic objectives.

This is an opportunity to significantly improve the life chances of a large group of people living in substandard, unsustainable housing, that does not support them to:

Have the opportunities to be a full and valued member of society where social exclusion and isolation no longer exist

Not only is supporting and delivering the project the right thing to do, it fits perfectly with our social ethos, mission, and values. It fits with our strategic objectives, and will increase outcomes for people and the community within Gainsborough, as well as allowing us to invest into local communities

Our Vision

To improve the lives of and the opportunities for people in the south-west ward of Gainsborough through the provision of affordable, quality, sustainable housing

Our vision for the housing project is simple but effective.

To aid the delivery of our vision we have put together a developmental Theory of Change model which demonstrates the problem that this proposal is seeking to solve, the activity that we will undertake, the result that we are seeking, and the outcomes that will be delivered. This Theory of Change model can be seen in the graphic below.

The reason for developing a Theory of Change is to demonstrate how and why the change we seek is needed, what its purpose is and how it will be delivered. In this way we can use our Theory of Change to map our project, and to ensure that we are doing it for the right reasons. It also allows us to simply evaluate whether or not we are delivering what we intended.

In addition to this developmental Theory of Change model, a more complex evaluation framework will be needed to ensure that what we deliver has the impacts that we expected, and that we can map these impacts effectively. It is suggested that this would be done through a number of outcome measures that are based on deliverable factors (such as number of houses, numbers of people supported, and number of assured tenancies) as well as direct impacts sought such as numbers of people in sustained employment, educational attainment, and improved mental health, all measured through the use of baseline data, local reporting, and participant feedback.

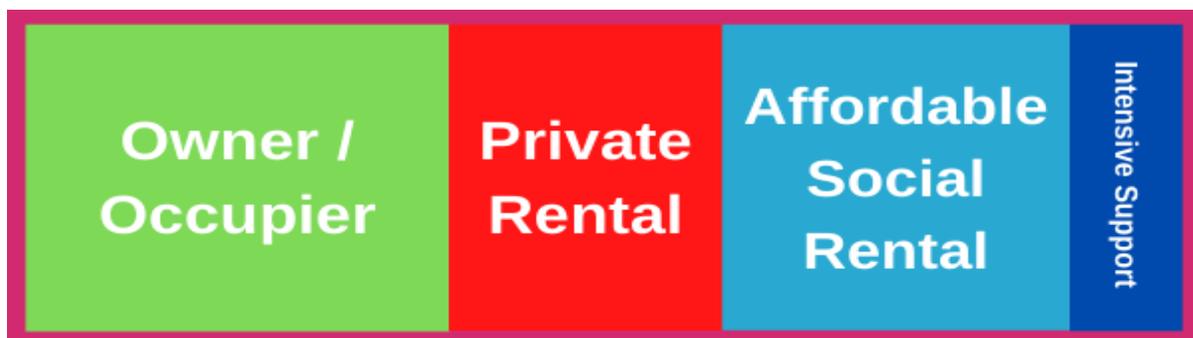
Developmental Theory of Change



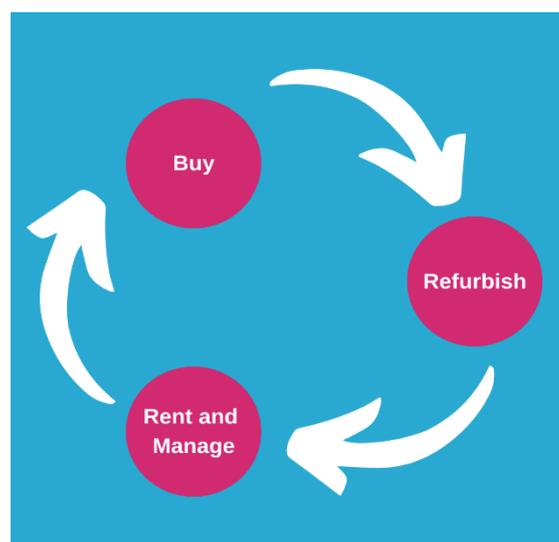
It is anticipated that the Gainsborough housing ecosystem will be made up of a number of streams providing a range of options. However, the plan is to move towards a more sustainable, equitable, and effective housing ecosystem, particularly in the south-west ward. The range of options will include:

- Owner-occupier
- Shared ownership
- Affordable housing
- Private rental
- Housing with intensive support
- Supported accommodation

As described above, the crux of this viable housing project is to move from predominantly private rented housing (50%) of the market to more mixed economy where affordable social housing takes a more dominant position.

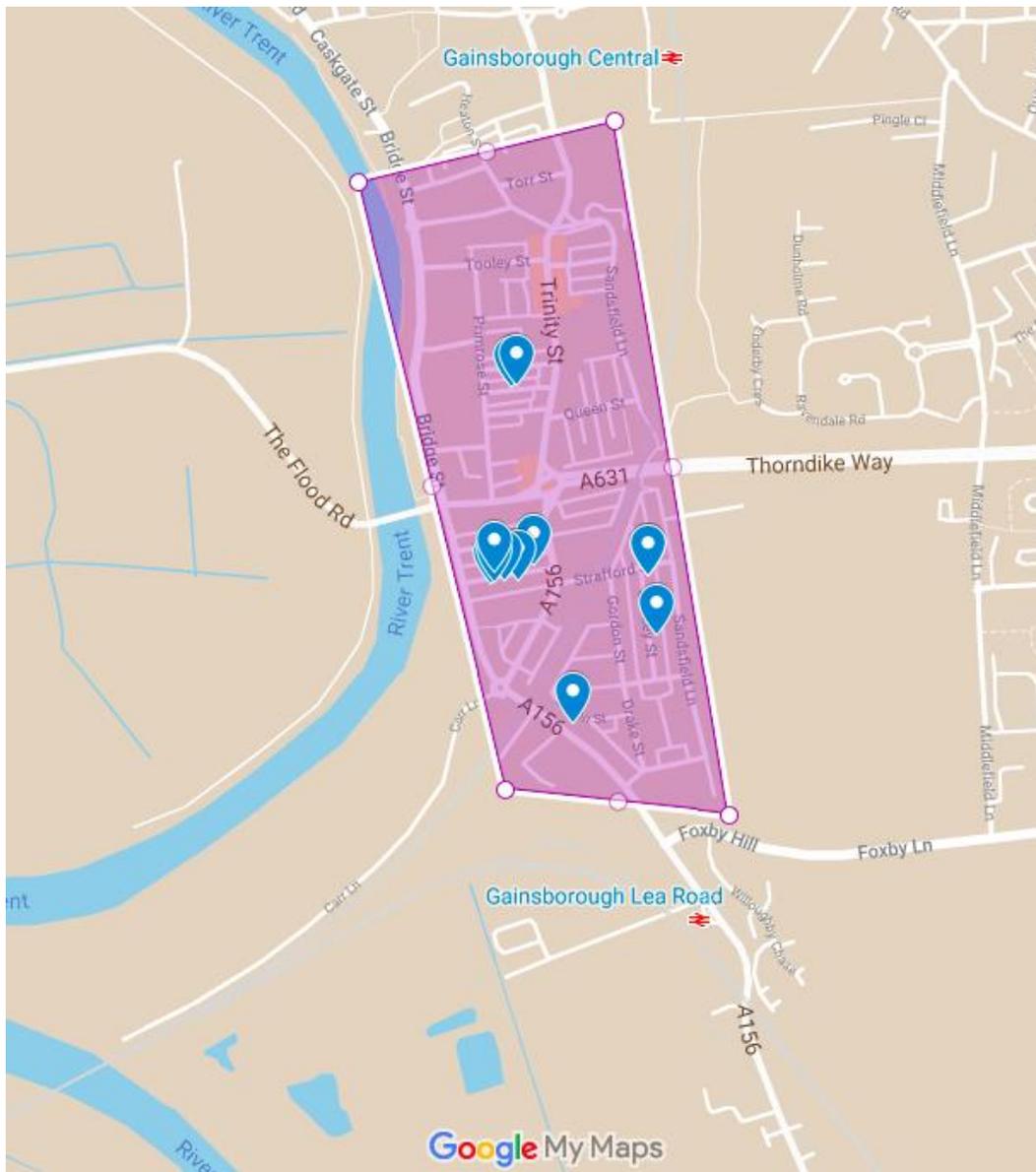


P3's role in this transformation of the market will be to become the landlord partner in the area, purchasing, refurbishing and managing housing. The plan will be to utilise surplus obtained from affordable rents to reinvest in infrastructure (environmental improvements and additional homes) as well as the local social economy.



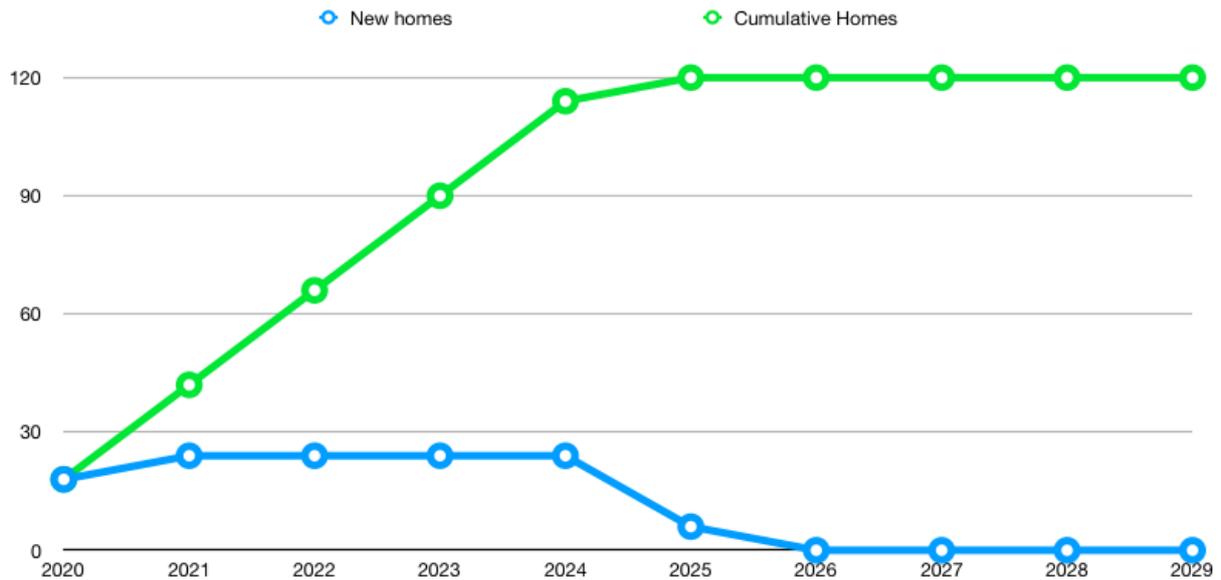
It is anticipated that the c110 homes will be purchased in Gainsborough with a focus on the south-west ward of Gainsborough. It is planned that the homes will be purchased on key streets within the town and led by availability and need. Where possible P3 will make property purchases close to the 12 homes that would be transferred to P3 from WLDC.

The map below shows an area which will be initially prioritised for acquisition'



Produced using Google Maps

It is proposed that the purchase and renovation of the c100 homes within Gainsborough will be undertaken over a 5-10 year period beginning in 2020 (subject to project approval). The initial plan will be to develop the housing portfolio over five year period starting with the 12 transferred properties, then adding 2 properties per month, until the initial portfolio is complete. Additional properties may be added after the initial ten year project is completed depending upon demand, finances, and need.



The purpose of the project will be to rejuvenate the housing stock and the environment across the south-west ward. The project will also link into other local projects and workstreams linked into the Equity: Gainsborough Programme.

The outcomes for people and communities sought by the project are:

- Fewer tenancy breakdowns leading to a more stable community
- Community stability leading to more viable school populations
- Reduction in people needing adult social care support
- Reduction in families needing input from children’s services
- Improved health and wellbeing
- Improved educational attainment
- Increased employment
- Improved community participation
- Reduction in crime

The final end position sought is a viable housing ecosystem in the south-west ward of Gainsborough that delivers affordable, quality and secure housing that leads to improved outcomes for the people who live within the homes, and the community around them.

Finances



Assumptions

Property acquisition and costs

These assumptions fall within the parameters it is understood have been set by the lending bodies and the local authority.

- An initial plan for 56 properties to take place over a two-year period, inclusive of the 12 transferred from the Council in year one.
- Property costs: a total of £50,000 including purchase and conveyance averaging £34,000, and refurbishment costs averaging £16,000.

Property Costs

The £50k average is based on research of the local area alongside factors including P3 being a cash buyer, purchases can be completed within short timeframes and conveyancing costs will be negotiated due to volume of sales.

Property will be acquired via several routes including –

- Auctions – Three properties sold 2019/20 for £27k, £18k, £28k
- Empty Home scheme – Alternative to compulsory purchase
- Open Market
 - <https://www.rightmove.co.uk/property-for-sale/find.html?locationIdentifier=REGION%5E538&sortBy=1&propertyTypes=&mustHave=&dontShow=&furnishTypes=&keywords=>
 - https://www.zoopla.co.uk/for-sale/property/gainsborough/?results_sort=lowest_price
 - https://www.zoopla.co.uk/house-prices/gainsborough/waterworks-street/?q=Waterworks%20Street%2C%20Gainsborough%20DN21&results_sort=newest_listings&search_source=home
 - <https://www.zoopla.co.uk/house-prices/gainsborough/stanley-street/?q=stanley%20street%20Gainsborough%20DN21>
- Section 106 properties where available
- PRS Portfolio acquisition

P3 also have the option of discussing lease options with owners in negative equity, The property could be refurbished and tenanted, then handed back to the owner after an agreed period of time, This would support the improvement of the local area and a positive financial outcome for the owner.

Rents and operating costs

12 homes are to be rented on an Intensive Housing Management basis, with rents and service charges totalling £250/week in the first year (2020/21).

100 homes are to be rented at social rent levels which are initially £95/week.

Operating costs based on general needs social rent of £1,550/home/pa with voids and bad debt provision totalling 3% overall. The operating cost allowance as been set in line with terms within the SASC facility agreement. P3 may well be able to manage the scheme for less than this cost.

Major repairs costs to be allocated on the basis of £500/home/pa commencing from year 11 on the basis that the refurbishment carried out an acquisition will eliminate major repairs needs in the first 10 years

Acquisition finance

There are three sources of capital for acquisition and refurbishment:

1. As many homes as are able to be financed to the amount of £2.2million by SASC on a 8.5 year fixed capital lending facility under which funding costs will be the annual net of rent income less operating costs (commencing at £1,550 per home). This amount is modelled at 44 general needs homes per the costs within the financial model.
2. A further grant of £1million provided by West Lindsey District Council to enable the completion of the acquisition of the first tranche supported by SASC and as required to enable the direct purchase of the remainder of the homes.
3. All other homes to be financed by bank lending; three bases for bank lending have been modelled:
 - Revolving Credit Facility (RCF) style loan at 3.0% interest renewable every 5 years which allows the flexibility for drawdowns and repayments according to the underlying cashflows generated by the project
 - Interest only maturity loan also at 3%
 - Annuity loan (repayment mortgage) over 25 years at 5.0%.

As will be seen, the annuity loan might result in financial cashflow pressures in the early years, whilst conversely lending could be paid down comfortably in a RCF context well before that period; additionally, the annuity loan approach may not provide the necessary flexibility to draw further funds to acquire the SASC-funded homes at the end of the 8.5 year facility term. Therefore the headline outputs below are based on an RCF loan.

The SASC facility carries a series of terms in respect of drawdown, unused funds etc which, for ease of modelling, we have assumed do not apply given the pace of acquisition envisaged within the scheme. It also carries a series of exit options for P3 as follows:

- Repayment in full at term end (8.5 years); repayment could be financed through disposal proceeds from sale.

- Prepayment prior to term end, effectively refinance of the facility, with prepayment being the maximum of 85% of the prevailing market value of the homes financed through the facility at the time of prepayment, or the capital sum plus an assumed prepayment fee at 6.0% per annum of the unexpired term subject to a minimum of 5 years. Refinance in this way would be via loan – and we assumed, again for ease of assumption, that this could be an extension of the other lending facility.

Inflation and other assumptions

CPI inflation is assumed at 2.5% pa with social rent inflation increasing 1% above that up to 2025

House price inflation is assumed to be 2.75%

The modelling has the facility to either refinance the 44 homes funded by the SASC facility at year 9 (half way through the year, or earlier if required), through drawing down a further RCF loan facility at that time to acquire at required prepayment amount), or to discontinue their use and remove them from the business plan; the baseline plan makes the assumption that they will be purchased, financed by further borrowing at that time.

Baseline Financial Plan

We have set out below the “capital” and “revenue” elements of the financial plan.

Capital expenditure and financing

The acquisition outlay and financing is set out in the table below.

The table shows that the first tranche of properties will be acquired under the terms of the SASC funding, with the balance through the acquisition by loan by P3 directly.

Figure 1: Acquisition costs and financing £

		2020.21	2021.22	2022.23
		1	2	3
Gross acquisition costs	4,983,500	2,491,750	2,491,750	0
		-		
Less SASC facility capital	-2,200,000	2,200,000	0	0
Less WLDC grant	-1,000,000	-291,750	-708,250	0
Net capital to be financed	1,783,500	0	1,783,500	0

Operational financial model

The operational financial model for the first 3 years, with year 10 shown for reference, based on the assumptions above, is summarised in the table below.

Figure 2: Summary financial plan years 1-3 and year 10 £

	2020.21	2021.22	2022.23	2029.30
	1	2	3	10
Gross rents	177,320	517,390	689,585	807,724
Voids/bad debts	-5,320	-15,522	-20,688	-24,232
Rents net of voids and bad debts	172,000	501,868	668,897	783,493
Operating costs	-147,160	-281,234	-286,859	-329,511
Sinking fund / major repairs	0	0	0	0
SASC funding cost	-149,160	-154,317	-159,642	0
Operating costs	-296,320	-435,551	-446,501	-329,511
Operating surplus / (deficit)	-124,320	66,317	222,396	453,982
Loan interest	-3,730	-58,360	-58,154	-101,359
Net surplus / (deficit)	-128,049	7,957	164,242	352,623
Drawdown/repayment / cash (deficit) / surplus	124,320	-7,957	-164,242	-352,623
Retained income / (working capital support)	-3,730	0	0	0

The table highlights that the financial plan generates more than sufficient operational surpluses to sustain the financing costs of the project.

The impact of incurring full-year costs against part-year rent income in the first year, if the case, would require working capital support for the project, a further reason for taking out a RCF loan. In practice, we would expect operating costs to build up in line with the receipt of rent income and that any all on working capital can be kept to a minimum.

The charts below set out the debt profile and operating surpluses for a 20-year period.

Taken together, the outputs demonstrate that the plan is able to be sustainable and viable with debt coverage well within expectations and benchmark payback periods, and enabling the acquisition of the SASC-leased homes in due course, if desired. Borrowing to finance the initial acquisition proportion, and the subsequent post-facility refinancing of the SASC funding facility is capable of being repaid by year 18.

Sensitivities

We have set out in the table below the impact on the debt repayment coverage (payback period) of changes to the assumptions, based on the acquisition (as above) of the SASC homes at year 11.

	Year	Comments
Baseline plan	18	
Interest rates + 1% to 4%	19	
Interest rates + 2% to 5%	20	
CPI inflation + 1%	17	
CPI inflation - 1%	20	
Not applying real rent increases to 2025	19	
House price inflation + 1%	18	
House price inflation – 1%	17	
Operating costs per unit + £500 to £2,050	21	
Major repairs per unit + £250 to £750	19	
Voids and bad debts + 2% to 5% pa	21	
Acquisition cost average + £5,000 to £55,000	20	Additional lending required to £2.5million
Acquisition cost average + £10,000 to £60,000	25	Additional lending required to £3.1 million

The table highlights that the plan is very resilient to changes in economic and operating conditions. As might be expected, the biggest impact arises if the cost of acquisition increases beyond the £50k average assumed. P3 could either increase its loan funding options, or reduce the number of properties taken on.

Social Return



While the financial consideration of this project are important, we do not want to lose sight of the social impact of the projects, the outcomes for people and the potential social return on investment from the project as a whole. There will clearly be some primary drivers for the project that deliver direct outcomes to people. Principally these will be linked to the delivery of social housing at an affordable rent, delivering improved housing at a price that enables people to live comfortably and well.

There are a number of key areas of social return that this project will deliver. These are are:

- Safe affordable, and quality housing
- A safer place to live
- Community stability

Each one of these key areas can be linked to an outcome that we believe the project will deliver for the people living within the housing portfolio that the project delivers and manages, and the community within the ward itself.

The outcomes sought are:

Safe, affordable, and quality homes

- Improved mental health and wellbeing
- Increased employment
- Community participation
- Raised educational attainment

A safer place to live

- Reduction in crime

Community stability

- People staying in the area
- Viable schools
- Support networks in place

Conclusions



All of these above outcomes will deliver improvements to people's lives, to the local environment and to the community as a whole. These outcomes can all be made measurable through the development of an evaluation framework linked to the Theory of Change outlined in the proposal section of this document. Further work will be needed to build this framework which will allow both quantitative and qualitative data and information to be captured and analysed in order to demonstrate the social impact of the project.



There are huge amounts of reasons of why this project should be undertaken.

- **It will deliver better housing for people**
- **It will generate positive change in the south-west ward of Gainsborough**
- **It will help bring the community back together**
- **It will help people financially**
- **It will help Gainsborough improve as a whole**
- **It will kick start regeneration**
- **It will create a cyclical model that delivers constant improvement and growth**
- **It fits P3's agenda, ethos, and strategic objectives**
- **It will help support jobs and employment**
- **It will improve children's lives**
- **It will tackle mental health and improve wellbeing**
- **It's the right thing to do**

Most importantly, the project will create a legacy, a legacy of a viable housing ecosystem in the south-west ward of Gainsborough that delivers affordable, quality and secure housing that leads to improved outcomes for the people who live within the homes, and the community around them.



PEOPLE
POTENTIAL
POSSIBILITIES



Sortified