



# Understanding the value of your social tenancies

2019/20



## Foreword



**The UK's housing crisis is a national emergency and its fallout can be seen everywhere. From the increase in young families and older people trapped in unaffordable privately rented homes, to the growing homelessness so painfully evident on our streets and the hidden desperation in hostels and B&Bs, in cars, on buses and in all-night restaurants.**

Earlier this year, the final report of Shelter's commission into the future of social housing: *Building for our future: A vision for social housing*, set out the reality: more social housing is the only way to solve this emergency.

Social housing is not simply about building roofs and walls. We know from the history of social housing, the stories of better lives and the people we see at Shelter every day, the value that social housing brings to families.

### The wider benefits of social tenancies

But not everyone can see this. That is why we are so pleased to see the wider health, educational and societal benefits of social tenancies now being evidenced.

The research the Hyde Group and Sonnet Advisory & Impact have undertaken is a very valuable addition to an overlooked area. It builds on the growing evidence base, including the work Shelter and Capital Economics undertook for our commission.

Crucially, this research draws on how tenants and staff view social housing and the impact it has on their lives. It provides proof that a secure social home is not just a benefit: it is the foundation for more stable, productive and happier lives. And it benefits our wider economy.

The findings provide an important blueprint for other social housing providers to assess the value of their own tenancies – and we urge them to do so.

### Making the case for social housing

With stigma still lingering around the sector, and an acute lack of government investment, we all need to be making the case for more social housing. This case will

only be strengthened when the positive benefits of social housing are evidenced well and the sector has the data, tools and models it needs to show what it can do.

The open access of this model means that the more housing associations, local authorities and other providers that use it to calculate their own tenancy values, the stronger the evidence base for the wider value of social housing will become. Investment is urgent – the work to build political consensus needs the whole housing sector behind it.

A social tenancy is much more than a house or flat; it is a key pillar of our national infrastructure and can support our country's future prosperity.

### Providing a foundation for people's futures

Social housing can both meet basic needs and also support aspiration, extending the offer of a secure social home to many more families – and many people reaching retirement, who would benefit from a lower-cost, secure tenancy. A home is the foundation of individual success in life and by providing secure, long-term homes we can all benefit from the wider societal benefits social housing can bring.

This national emergency has one answer, for those at the sharp end and for us all.

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**Chief Executive, Shelter**

## The value of a social tenancy

We are delighted how well *The value of a social tenancy* has been received by government, local authorities, investors and the wider housing industry since its launch in 2018.

We commissioned Sonnet Advisory & Impact CIC (originally part of Bates Wells) to carry out research to better-understand and quantify the social impact we have as an organisation (our 'social purpose') and to help identify the extent to which we contribute to societal change.

### Demonstrating the impact of social housing

We demonstrated the impact social housing can have in creating safe and sustainable communities and how it reduces the burden on the emergency services, healthcare and local authorities. We showed how social tenancies contribute to economic growth, through higher educational attainment, increased employment and lower levels of absenteeism.

Research confirmed that social tenancies improve life chances and help people realise their potential, work meaningfully and contribute to their community.

The approach, and the model underpinning it, has since been refined and updated twice, in 2019 and most recently in March 2020. It assesses how a housing association generates social value through its tenancies. It does not identify every possible outcome – we hope that, as others use the model, it will expand to cover areas such as shared ownership, support for the elderly and building design, to evaluate the value of tenancies more fully.



### A model for all social housing providers

Hyde and Sonnet are making the model available to other social housing providers, to help develop and improve it, as well as developing consistent measurement across the sector. We also want to reinforce the message that housing associations are a 'third way' between the state and the private sector and to drive investment in social housing.

This document provides a summary of the model and support available to providers wishing to use it. The full report is available from [www.hyde-housing.co.uk/value-to-society](http://www.hyde-housing.co.uk/value-to-society) and the data underpinning the latest version of the model is available on request.



## Measuring the value of a social tenancy



To measure the value of a social tenancy, we first model the lives of social housing tenants as if that social housing did not exist.

Under a scenario of a 'life without social housing' three main housing alternatives are considered: low-cost private rental, temporary accommodation and living with friends and family.

### Comparing lives with and without social housing

Comparing this scenario with those living in social housing enables us to evaluate the outcomes a social tenancy can bring. Social tenants are split into three categories: Struggling, Squeezed and Comfortable (those in the latter have stable lives and are managing their situation).

In each scenario, seven aspects of social value are considered and the associated financial cost or gain is estimated. These include the costs of providing services by local authorities, the NHS and the police, as well as the economic activity arising from employment.

Based on research, the lives of both social tenants and those living without social tenancies are described under five inter-related wellbeing pillars: financial, mental, physical, relational and purpose. A number of indicators are used to give values to residents' circumstances and their degree of wellbeing in each pillar.

Comparing these values for people in social tenancies with the values for those without social tenancies gives an evaluation of the minimum 'core' value a social tenancy brings. This could be, for example, by gaining employment, improving mental and physical health and reduced reliance on public services.

Adding in the economic benefits of building and maintaining homes gives a total value for social tenancy (although this relies heavily on the number of homes being completed by a provider, which can vary significantly year-on-year).

### Measuring other outcomes and improving the model

We recognise that our research does not evaluate every aspect of people's lives. Our hope is, that by offering the model to other housing associations and community service providers, we will be able to measure other outcomes and indicators such as additional support for people with particular needs, future poverty (eg pension shortfalls), street homelessness and how the design of estates can affect social cohesion and community wellbeing.

A detailed explanation of the model, including the reporting criteria, is available on the Hyde website. Visit: [www.hyde-housing.co.uk/value-to-society](http://www.hyde-housing.co.uk/value-to-society).

# The value of a Hyde social tenancy 2019/20

The 'core' annual social value of £13,682 per Hyde tenancy, or £471m, is made up of the social value achieved from stakeholders in eight main categories:



### Economy: £231m

- 10,363 adults living in social housing were able to get back to work, generating **£212m**
- Social tenancies reduce presenteeism, valued at **£5m**
- Social tenancies halve absenteeism to ten days a year, valued at **£14m**.



### NHS: £95m

People living in social housing have improved physical and mental wellbeing, resulting in:

- Fewer drug and alcohol issues
- Fewer falls for the elderly
- Reduced incidence of childhood asthma due to damp living conditions
- Fewer GP and A&E attendances.



### Police and justice: £60m

People living in social housing are less likely to be involved in, or be victims of, crime. This:

- Reduces the number of police callouts not resulting in an arrest, saving **£6m**
- Results in 8,728 fewer incidents, saving **£54m**.



### Local authority: £45m

These savings are the result of:

- Moving 6,135 residents out of temporary accommodation, saving **£39m**
- Helping the elderly stay independent for longer, delaying a move into residential care, saving **£5m**
- Children living in social housing being less likely to be on the Child Protection Register, saving **£1m**.



### DWP: £19m

People in social housing are more likely to be employed, reducing Universal Credit claims.



### Education: £16m

Children living in social housing are more likely to attend school and have improved earning potential.



### Banks and creditors: £3m

People living in social housing are less likely to have problem debt.



### Fire service: £2m

Secure, safe and high quality social housing (along with housing association support) reduces the risk of domestic fires.

**When the economic impact of building and maintaining homes is included, this gives a total annual social value of a Hyde tenancy of £21,001, or £723m.**



\*This includes £3m Hyde Foundation contribution

\*\*We believe the value of a social tenancy is 'at least' this amount because figures have been discounted by 5%, reflecting that benefits may arise without a social tenancy, and by a further 40%, because other factors, individuals and agencies contribute to delivering these benefits.

Furthermore, only data obtained from reliable sources has been included within our research; there are aspects of social tenancies that we know generate value but, to date, we have not been able to measure them accurately.

## Benefits to the Treasury

Each Hyde social tenancy generates at least £5,698 for government agencies directly, every year. Along with broader gains, the total impact per tenancy is £21,001 per year. At least £11,250 of benefits are seen immediately (including

£5,992 from construction), with £15,009 realised each year a tenancy is maintained. Note the impact of COVID-19 was not factored into our modelling, which used data available at 31 March 2020.

## Sharing the model

The value of a social tenancy approach, and the model that underpins it, is designed to help inform impact-based investment decisions, performance management, engagement with residents and delivery partners, and to highlight social housing providers' achievements. As a result, we are keen to share it with those who wish to use it.

You may need some support in working out how best to apply the model, some additional research to cover particular aspects of your services, to cater for regional variations or simply to bring some independent validation of reported figures. Sonnet Advisory & Impact, the author of the approach and model, can help in five main ways:

**1. Hyde and Sonnet share the approach, with an explanation of the Hyde model.**

This is provided on the understanding that, when results are published or presented, the housing provider makes clear the origin of the model and that Sonnet has not reviewed or validated results. The model can be tailored by the housing provider, as long as they advise Sonnet of any changes. Training can be provided to support teams working with the model.

**2. The Hyde model is provided with validation.**

Once the model has been applied, the results can be validated by Sonnet, with a report produced confirming the validation has been carried out, and what it covered. A number of types of validation, giving different levels of assurance and commentary, are available.

**3. Sonnet uses the Hyde model to produce an independent impact report.**

An interpretation of the framework will be provided, giving a foundation for ongoing measurement. This can include additional work to establish moderate adaptation of key figures and testing the stories and assumptions used in the model are reasonable in context.

**4. Sonnet uses the Hyde model to develop a wider, or more nuanced, story.**

This can look at specific needs or situations, whether arising from the individuals and communities, their regional setting, or the forms of support wrapped around them.

**5. Sonnet uses the Hyde model to assess a multi-housing provider programme.**

This builds on options 3 or 4 by looking at the issues and impacts across several similar or complementary social housing portfolios, allowing research costs to be shared by providers.

To discuss further please contact:

Jim Clifford OBE

**[j.clifford@sonnetimpact.co.uk](mailto:j.clifford@sonnetimpact.co.uk) | 07760 386 081**

Anita Shah

**[a.shah@sonnetimpact.co.uk](mailto:a.shah@sonnetimpact.co.uk) | 07715 771 338**





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### Read the full report

The value of a social tenancy report is available on our website:

[www.hyde-housing.co.uk/value-to-society](http://www.hyde-housing.co.uk/value-to-society)

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#### About the Hyde Group

The Hyde Group was established in 1967 to provide homes for those left behind by the market. We are an award winning provider of homes, combining social purpose with entrepreneurial drive and professionalism.

Hyde is one of the largest housing associations working in England, owning or managing about 50,000 homes in London, Kent, Surrey, Sussex, Hampshire, the East of England and East Midlands. This means that more than 100,000 residents have homes at prices they can afford, with long tenancies that enable them to improve their life chances.

**To find out more about the Hyde Group visit [www.hyde-housing.co.uk](http://www.hyde-housing.co.uk)**

#### Sonnet

Sonnet Advisory & Impact works co-productively with organisations to help them identify opportunities for social impact and develop pragmatic impact measurement frameworks for integrated reporting. We also specialise in conducting impact studies to evaluate, value and articulate social outcomes that organisations achieve through their work.

The Hyde Group, 30 Park Street, London SE1 9EQ

0800 3 282 282 | [www.hyde-housing.co.uk](http://www.hyde-housing.co.uk)



If you would like this document in one of Hyde's community languages or another format please contact us.