

The case for gender-lens investing in a post-Covid world

In November 2019, Patron Capital announced its intention to establish the Women in Safe Homes (WISH) Fund, believed to be the world's first gender-lens property fund, alongside Resonance and Big Society Capital. The fund will be a solution to the lack of affordable, safe and secure homes for women who are experiencing homelessness, have been involved with the criminal justice system, are survivors of domestic abuse or have other complex needs.

Women's pathways in and out of homelessness are often different and more complex to men, with domestic violence being one of the leading causes of homelessness for women and their children. 1.6 million women in the UK experienced domestic abuse in 2019, while around 60% of female ex-offenders do not have a home to go to on release. The impact of Covid-19 has significantly worsened matters around domestic abuse in particular – with 4,000 domestic abuse arrests in London alone in the first six weeks of lockdown. Prior to the pandemic, Women's Aid reported that 60% of women being referred to specialist refuges were turned away due to a lack of space, yet another survey showed that 38 of 45 service providers had reduced or suspended at least one service as of 6 April this year due to the pandemic, including the provision of shelter - a figure that already fell short of Council of Europe standards.

Importantly, the structural need for more accommodation for women experiencing or at risk of homelessness was made clear when campaign groups, Southall Black Sisters and Compassion in Politics wrote to hotel chains in April asking them to open up rooms to those fleeing abuse. While the response from hotels was largely positive and should be applauded, this sort of short-term stop gap should not be necessary and is certainly not a sustainable long-term solution. This is where impact investment strategies, such as those deployed by the WISH Fund, can make a crucial difference. Investors will be provided with a financial return through rent and capital appreciation while achieving significant positive social impact by supporting women in highly challenging circumstances.

The fund will acquire and refurbish properties and lease them to charity partners under 10-year leases. The partners will in turn lease the properties to their clients, at a rent that is ultimately sponsored by the UK government housing benefits scheme. WISH is set up as 10-year fund with a targeted ungeared annual return of approximately 5% to 7%, driven by (i) rental dividend from housing benefits (c. 4.0% p.a. once stabilised) and (ii) conservative capital appreciation of the portfolio (2% p.a. - 3% p.a.). Moderate levels of leverage may be considered once the portfolio is stabilised. The fund is open to institutional, pension fund and professional investors, both in the UK and internationally.

The fund aims to provide around 650 affordable homes across the UK. It will purchase properties and lease them to women's sector and homelessness charities which, in turn, will rent homes to women at risk of homelessness, with a secure tenancy. At the same time, charity partners such as Nacro will provide specialist and housing support to help women recover from abusive or difficult circumstances enabling them to find stability and rebuild their lives, and to be able to sustain their tenancies.

The fund is intentionally designed to focus on three main areas of impact, namely individual change (to improve outcomes for vulnerable women and their children), organisational change (to support women's sector organisations to access to good quality accommodations), and potentially systemic change (spread of best practice, demonstrating to government the effectiveness of interventions to strengthen policy). The WISH Fund will take the “gender lens” approach into impact investment, in which the perspective of women is reflected at every level of the analysis. An annual social impact report will be published to report progress on key measurements and on-going evolution of the impact measurement framework for the fund.

Underlying issues in society may have been amplified by the pandemic, but so have our awareness and understanding of them. Crucially, in a market where many are scrambling to understand structural changes and provide realistic valuations, there is a supply-and-demand imbalance that makes impact investments outright attractive. According to a recent survey by the law firm CMS, 92% of investors said they will invest more into companies with a strong ESG strategy, while 62% of occupiers agreed that corporate social purpose has become more important since the pandemic. We have the opportunity to ‘build back better’, by investing in these areas while delivering a return, and in the process creating attractive vehicles that will be defensive in a world of change.

This is not an act of charity or a zero-sum game, but one with significant upsides for every stakeholder, whether institutional investors or the beneficiary of any of the remarkable charities we will partner with to execute WISH’s strategy. We can invest for returns while also doing the right thing and supporting the growth and recovery that the UK economy very much needs.

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