



SOCIAL IMPACT REPORT 2021

**THE
ETHICAL
LETTINGS
AGENCY**

**THE
ETHICAL
HOUSING
COMPANY**

OUR IMPACT AT A GLANCE

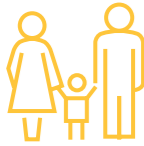
APRIL 2020 - MARCH 2021



We currently manage

160

properties across Teesside (of which we own 80)



Nearly

500

people currently live in these properties



42%

of our tenants have been with us for 2 years or longer



47%

of households have children



70%

of households are in receipt of benefits to pay their rent



52%

of all lettings were to people who were **homeless** / at risk of homelessness (last year it was 38%)
Over 80% remain tenants with us.



We raised

£7.5 million

of **ethical new investment** to help the housing company purchase more properties to house people in need.



We spent over

£153k

in the local economy via **local contractors** to repair and refurbish properties we own and manage.



We carried out

222

home visits in the past year to support our tenants (largely via telephone/video due to Covid) **and carried out 99 tenancy interventions** - the majority of these were rent related to prevent tenants from getting into arrears/controlling arrears.



89

cases of free housing advice to people facing homelessness

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INTRODUCTION

This is our second annual Impact Report of The Ethical Letting Agency C.I.C. (TELA) and The Ethical Housing Company Ltd (EHC). We hope it provides some interesting insight into the work we are doing to help people on Teesside, for the period April 2020 - March 2021.

This period has been a challenging one due to the Covid pandemic. The Agency suffered lost revenue in the period, and the housing company's growth was reduced, both due to the housing market shut-down. However, we chose to remain open through-out, so that we could ensure our tenants were supported, property maintenance remained effective and legal, and rent arrears were controlled. This is in stark contrast to private letting agencies who largely furloughed staff, and shows our social enterprise ethos in action whereby we put customers first.

Our community in Teesside faces some extraordinary challenges as a result of the Covid-19 pandemic. As the pandemic continues, it is exposing the ingrained poverty and inequality that already existed, and rates of unemployment and benefit claimants is increasing. At the time of writing c.25% of households on Teesside are claiming benefit to pay their rent.

This report also therefore looks ahead by summarising the housing market and socio-economic conditions and potential impacts of recent activity.

The Covid 'house price surge' has also been significant on Teesside, particularly in traditionally low value property areas in the private rented sector where we operate. Our research shows this is largely

due to speculator landlords targeting TS postcodes in the hope of making large profits.

In particular, many landlords have no knowledge of the areas nor how difficult it can be to manage rental properties in them. This usually and unfortunately leads to properties getting into states of disrepair, tenants not being supported which often leads to anti-social behaviour, and more empty boarded up homes. Such landlord activity is damaging for Teesside's communities.

Our long-term plan is to provide more decent, safe and affordable rented homes across Teesside. We support tenants, look after properties, and help reduce the negative effects of rogue landlord and agents in Teesside's communities.

We believe the demand for what we do will only increase in the coming years as the Covid recession takes hold and more people and families will become in need. We will do our best to help meet this increasing need and in doing so help prevent homelessness. **||**



Carla Keegaus

Founding Director
TELA and EHC

August 2021

WHO WE ARE

WE EXIST TO HELP PEOPLE WHO ARE HOMELESS OR IN OTHER HOUSING NEED FIND AND KEEP DECENT AND AFFORDABLE HOMES IN THE PRIVATE RENTED SECTOR ON TEESSIDE.

We achieve this through two complementary models:

THE ETHICAL LETTING AGENCY C.I.C. (TELA)

Launched in 2015, TELA is a registered Community Interest Company (a type of social enterprise) that lets and manages rental property on behalf of private landlords. We focus on properties that allow us to give people in housing need access to decent and affordable homes in the private rented sector (PRS).

THE ETHICAL HOUSING COMPANY (EHC)

EHC was established in 2018 to purchase properties that can be let and managed by TELA. By creating a portfolio of our own properties, we can ensure a better supply of decent and affordable homes in areas where there is a clear housing need.

EHC is backed by Bridges Evergreen Holdings Ltd.: a pioneering investment vehicle that provides long-term capital and operational support to impact-driven organisations.

WHAT WE DO

TELA lets and manages properties in Teesside on behalf of private landlord customers. Our unrivalled services ensure we help landlords meet their legal obligations, collect rent, organise repairs and deal with all tenancy matters. We also let and manage all EHC's properties.

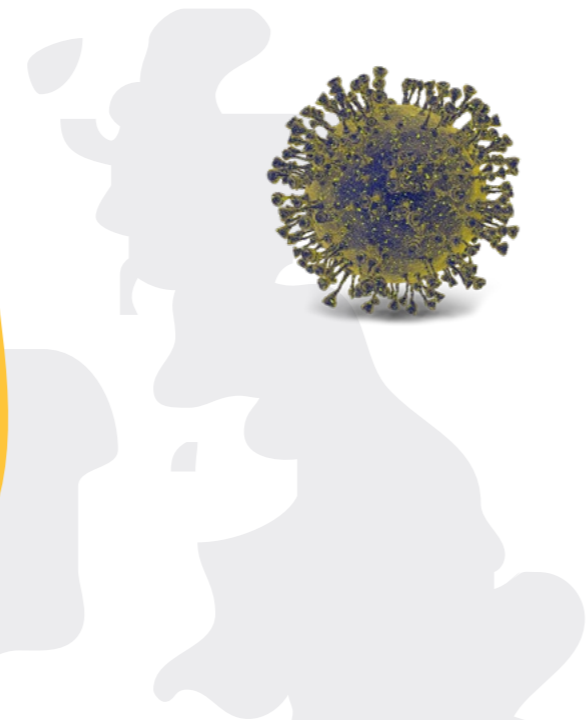
The majority of the properties we let and manage are at the lower cost level of the rental market and as a social enterprise we provide an intensive housing management service to support tenants in their tenancy and property.

This includes:

- **Pre-tenancy** - through our robust application process we make sure the tenant can afford the rent and bills, provide advice on how to deal with debt (including previous rent arrears) and identify any support needs. We do our own referencing to ensure in-depth information is gathered so we can make the best decisions possible.

- **During a tenancy** - we carry out regular home visits to build trust with tenants, liaise with support agencies, and keep on top of issues to prevent problems.
- **222 home visits** were carried out in the last year.
- **Rent and Arrears** - we proactively prevent arrears and work hard to ensure any arrears are paid back by tenants; preventing the need for evictions in most cases. As part of this we are experts in navigating the benefits system to help ensure accurate and timely payments.
- **At any one time an average of 65%+ of our tenants will be in receipt of benefits to help pay their rent.**
- We also work with a network of local organisations to ensure people have specialist support when needed.

COVID'S IMPACT ON THE HOUSING MARKET



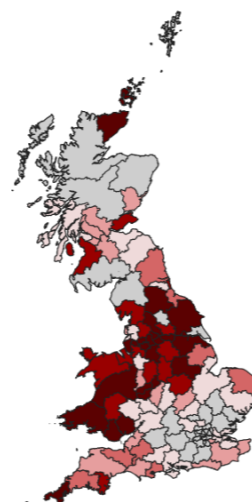
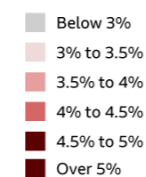
UK house prices increased by 8.9% in the year to April 2021, down from 9.9% in March 2021¹ as measured by the national House Price Index (HPI) April 2021. The regional breakdown shows that the North East has seen the biggest house price increase at 16.9%; nearly double the national average. The region remains the lowest for house prices.

Price change by region for England:

Region	Average price April 2021	Annual change % since April 2020
East Midlands	£213,308	9.3
East of England	£313,964	8.0
London	£491,687	3.3
North East	£144,032	16.9
North West	£183,299	11.8
South East	£341,358	5.0
South West	£279,951	9.1
West Midlands	£216,973	11.2
Yorkshire & Humber	£216,973	11.8

The HPI nor the Bank of England stats on house prices break down the North East and Teesside, however, we can see from the image opposite² that Teesside is showing as the highest price increase whereas the 'north east' (excluding Teesside) sub region is showing less price increase. We can therefore have confidence that Teesside prices are on average up higher than the 16.9% and are contributing to the HPI's overall North East significant price inflation.

Price change by region for England:



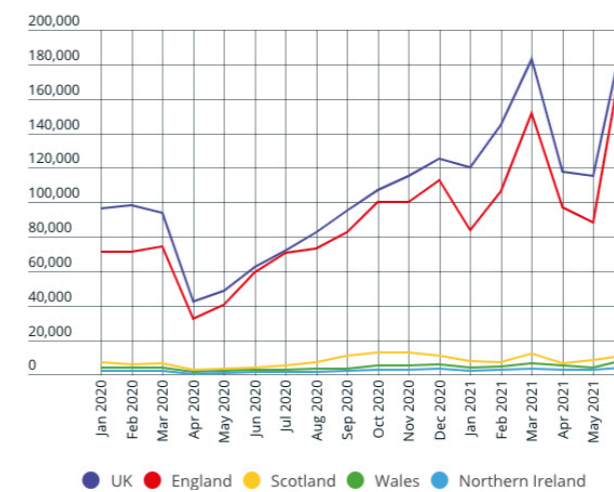
Source: Zoopla

BBC

Causes of house price rises:

Nationally, there has been a surge in housing market activity that followed the announcement of a stamp duty holiday - original deadline 31.3.21. The graph below³ shows the effect of this SDLT holiday on the rate of sales completing in the run up to March 21. The announcement to extend the holiday to June 2021 and then to taper it until September 2021 will continue to increase demand.

Graph 1: Property transactions and the impact of the SDLT holiday:



In addition, nationally, there is a flight of people moving out of cities and into areas with more space. This is as a result of rethinking lifestyles with the impact of Covid. Combined with more people having unexpected savings as a result of lower consumer activity due to Covid restrictions.

Together, the SDLT effect and flight pattern of behaviour, means commentators and lenders agree that high prices will remain for the remainder of 2021^{4,5}. However, you would expect some incremental price lowering over this period as behaviour returns to normal as more Covid restrictions are lifted and assuming the slight reduction in prices between March and April 2021 continues.



TEESSIDE'S PRS HOUSING MARKET 2021-2022

Regionally, there is no data to show the impact of this 'flight' on Teesside however it can be assumed that it won't be a significant factor for the house price surge.

From our experience, from early 2021, we saw immense interest for properties in the lower value private rental areas across Teesside, particularly TS1 and TS3. Sold prices went above asking prices, sellers withdrew to accept higher offers, and there was a flurry of social media activity and property speculators targeting these TS postcodes with promises of 'high yields' and 'passive income' opportunities. We have seen properties in our operating areas, especially Middlesbrough and Redcar, be 25%+ above normal prices pre-Covid.

From mid 2021, this activity appears to be slowing down and we believe this artificial house price inflation will be temporary. We expect the PRS market to stabilise into 2022 and it remains to be seen if there will be a crash in the market (as it is uncertain nationally). This is also because we know that the majority of properties being sold in this flurry of activity are not going to home owners but to landlords of varying kinds so the demographics of the markets aren't changing.



¹ <https://www.gov.uk/government/news/uk-house-price-index-for-april-2021>

² <https://www.bbc.co.uk/news/business-57260261>

³ <https://www.which.co.uk/news/2021/06/how-will-the-coronavirus-affect-house-prices/>

⁴ <https://www.express.co.uk/life-style/property/1446618/Will-house-prices-drop-in-2021-prediction-forecast-EVG>

⁵ <https://www.theguardian.com/business/2021/jun/08/uk-housing-market-is-on-fire-warns-bank-of-england-chief-economist>

COVID'S IMPACT ON HOUSING NEED AND POVERTY ON TEESSIDE

Whilst house prices may significantly be up (which benefits those selling properties) the socio-economic outlook for Teesside is showing increasing poverty. The data below snapshots the picture as at February and April 2021 (latest data available) and compares with February 2020. Overall, it shows a 54% increase in the number of households across Teesside claiming Universal Credit since last year, meaning 25% of all households are now claiming it. In addition, nearly 50,000 people are also receiving Government Covid financial support to prevent unemployment

Table 1: The increase in Private Rent Households claiming benefits to pay rent*:

UC = Universal Credit HB = Housing Benefit PRS = Private Rent Sector	UC households in the PRS Feb 2020	UC households in the PRS Feb 2021	% Increase	Number of Occupied Households and % of these as PRS UC Households.	Numbers of PRS households in receipt of HB Feb21
Darlington	2235	3436	66%	50,000 7%	1598
Hartlepool	2969	3808	45%	43,000 9%	1341
Middlesbrough	3532	5845	59%	64,000 9%	2564
Redcar & Cleveland	2090	3502	30%	64,000 5%	2142
Stockton	3316	5247	56%	85,000 6%	2805
Totals	14,142	21,838	54%		10,450
	Total Numbers of PRS households in receipt of UC and HB to pay rent at Feb 21	% of all PRS benefit households as % of all occupied households at Feb 21		Total number of all households (across all tenures) in receipt of UC Feb 20	Total number of all households (across all tenures) in receipt of UC Feb 21 and % increase
Darlington	5034	10%		5740	9340 63%
Hartlepool	5149	12%		8666	11,960 38%
Middlesbrough	8409	13%		9804	17,510 79%
Redcar & Cleveland	5644	9%		6727	11,915 77%
Stockton	8052	10%		9729	16,654 71%
Totals	32,288	10.8% average		40,666	67,379 (22% of all households)

TOTAL NUMBER OF HOUSEHOLDS IN RECEIPT OF UC, AND, HOUSING BENEFIT	77,829 = 25% of all households on Teesside (Feb 2021)	TOTAL NUMBER OF PEOPLE ON FURLOUGH IN TEESSIDE AT APRIL 2021**	32,600		
TOTAL PEOPLE ON SELF EMPLOYED INCOME SUPPORT IN TEESSIDE (COVID	15,500	NATIONAL RATE OF UNEMPLOYMENT	4.8%	UNEMPLOYMENT RATE ON TEESSIDE APR 21	7.1%

*Data for benefit stats is taken from the DWP live 'statexplore' website. **Data on households is taken from Tees Valley Combined Authority data mid 2017 and furlough/unemployment stats is taken from Tees Valley Combined Authority May 2021.

As we can see from table 1 on page 8, there is a significant rise in all households across Teesside claiming Universal Credit (UC) in 2021 compared to 2020. UC is means tested and this rise is undoubtedly a reflection of the levels of under-employment on Teesside pre-Covid. As such, people on these insecure and low paid contracts have had to move onto UC after the onset of Covid.

We can also see that over 32,000 households in the private rent sector (PRS) across Teesside are having to claim benefit to pay all or some of their rent. If we assume the PRS accounts for an average of 18% of all households on Teesside, then that means 59% of all PRS households need benefits to pay rent. This is almost twice the national average and again reflects the much higher rates of poverty on Teesside that Covid is now exacerbating.

'Housing need' as officially defined means having to claim benefits to pay rent and we can see Teesside's PRS has very high levels. Homelessness is the crisis end of housing need and when housing need rises so does homelessness.

Homelessness includes many forms; including moving from place to place sleeping on sofas, living in temporary institutions, rough sleeping, as well as being 'at risk' of homelessness (usually due to no longer being able to live with friends/family or on an eviction notice often from private landlords).

In the 3 months January to March 2021, official data ⁶ shows that over 1000 households were assessed under the homelessness legislation by Middlesbrough, Redcar and Cleveland and Stockton councils of which almost 100% were found to be owed a duty (help legally owed from the council to prevent or relieve homelessness).

Of these, over 50% were single person households, with female single parent families also a large number. 50% were unemployed, and worryingly, on average, 69% of all households were assessed as having support needs. The most common being people suffering mental health conditions, with many having physical health conditions, drug or alcohol dependencies, or suffering/fleeing from domestic abuse.

The main place people were currently living/lived at was with friends or family, with the private rent sector being second.

Using these numbers to the year end would mean in the region of 4000 households over the year to December 2021 across these three boroughs being assessed as homeless. And the official data only shows those who approach councils for help, it is well known that many people do not seek council help for various reasons and go unidentified and often unsupported.

⁶ Data taken from the Government's live tables on homelessness: <https://www.gov.uk/government/statistics/statutory-homelessness-in-england-january-to-march-2021>



HOMELESSNESS ON TEESSIDE IN 2021

OUR IMPACT

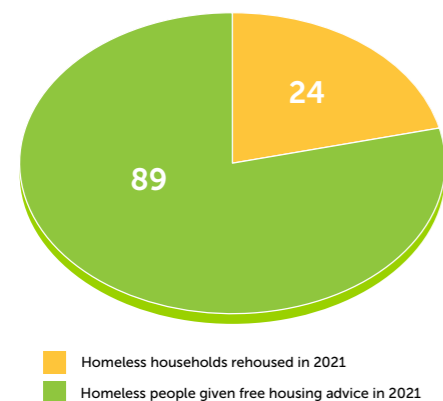
Tackling homelessness

During April 2020 to March 2021 **we rehoused 24 households that were homeless**, of which over 80% remain tenants with us. Whilst this is lower than the previous year of 33, it represents 52% of all lettings in the year, up from 38% last year. (With the total number of lettings lower this year due to the Covid lockdowns).

We also **gave free housing advice to 89 people who were facing homelessness**. This is down on last year (109) because of the Covid lockdowns.

In total, we therefore helped 113 homeless households in the last year, making a total of 340 households in the past 3 years.

Of the 24 homeless households we rehoused, 58% were actually homeless at the time we rehoused them (sofa surfing, living in a B&B/other temporary accommodation), **and 42% we prevented their homelessness** (they were on an eviction notice / had been asked to leave where they were living etc.).

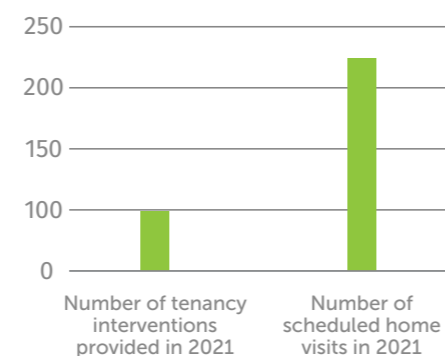


Supporting tenants

TELA's model of intensive housing management (as detailed on page 5) has demonstrable results for tenants and landlords. In particular, we have high rates of tenancy sustainability (meaning a low turnover rate of tenants moving out), and we consistently have very low evictions rates, rent arrears rates, incidents of anti-social behaviour, and almost no incidents of property damage.

Our in-depth application process and on-going trusted relationships with tenants, including our rates of home visits, alongside our expertise is key to our results and is why we did not furlough staff.

All properties managed by TELA, whether a private landlord or EHC, use the KPIs to ensure consistent results. Indeed, it was by proving this performance in TELA's first 2.5 years managing private landlord properties that the first £5million of social investment was agreed to establish EHC. The KPIs we measure include; controlling rent arrears, repairs and maintenance, preventing evictions, tenancy support, and lettings times.



**3%
RENT
ARREARS**

We have managed to keep rent arrears below our target of 3% (of gross rent due). We were able to do this because we did not furlough staff who continued to support tenants and advise them as their circumstances changed due to Covid, and liaise with benefit authorities. We switched to home working quickly and can continue to work flexibly between home and office working as the Covid situation changes.

Contributing to the local economy

We spent over £153,000 in the local economy last year using local trades people to repair and refurbish the properties we manage and own. We only use trusted people who give excellent value for money and are great with our tenants!



KITCHEN



KITCHEN AFTER



LIVING ROOM BEFORE



LIVING ROOM



DINING ROOM BEFORE



DINING ROOM AFTER



BATHROOM BEFORE



BATHROOM AFTER



We carried out our first whole house refurbishment on a new property we bought. The property, on the popular Roseworth estate in Stockton, was completed on time and to budget and was transformed inside and out, with the new tenant and neighbours happy with the result!

WHOLE HOUSE REFURBISHMENT

PROPERTY REFURBISHMENTS

Over the year we had the opportunity to carry out transformations of two EHC properties when they became empty. These properties had been bought with long-term sitting tenants in. The new tenants are very happy with their new homes.'

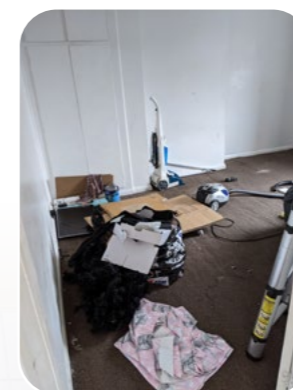
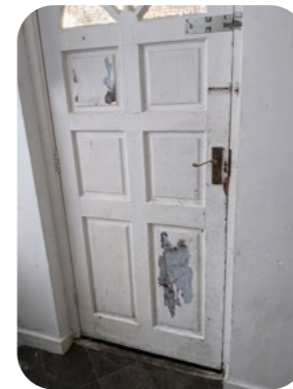
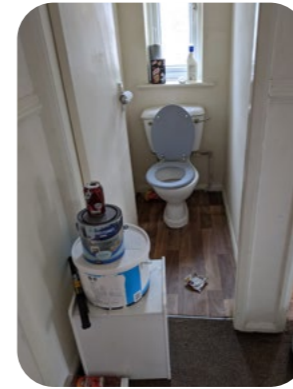
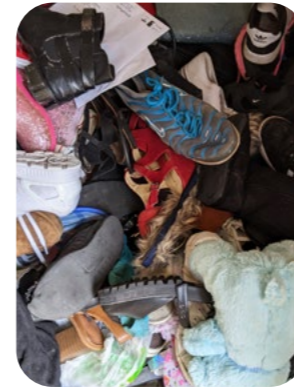
BEFORE



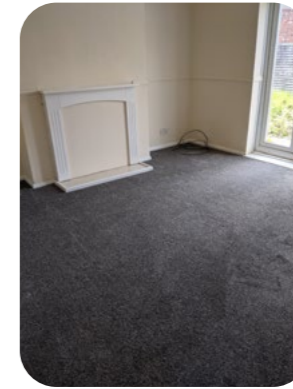
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BEFORE



AFTER

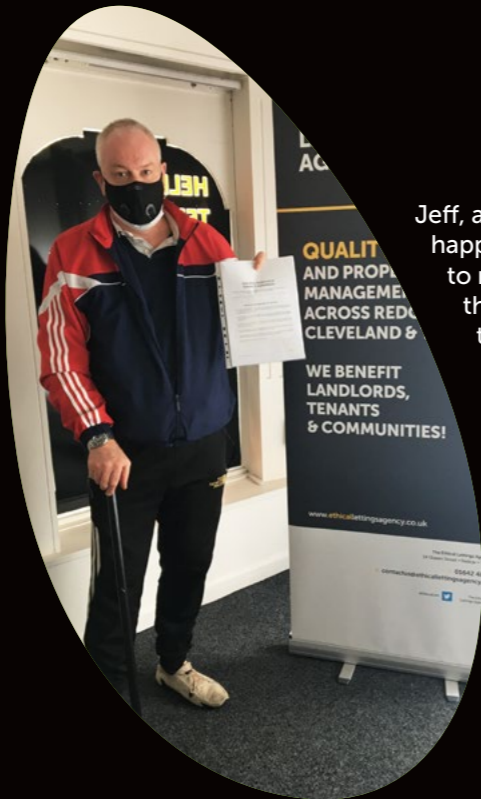


HOW WE HELP

In a challenging year due to Covid, we have still managed to house lots of people, many of whom were new to us and in housing need or homeless. Others we were able to move them when they were ready to move on. Here is a snapshot...



Jack, new tenant, is 'happy to finally be independent!'



Jeff, a new tenant, is happy to have been able to relocate back to the area to be closer to family with an agency who has helped him with his support needs.



Lyndsey and Matthew, were tenants with us for over 2 years, they didn't want to leave us, so waited for a larger property to come up that we have recently moved them into.



Emma and Ross, new tenants, are happy to be in a home closer to work to save on travel costs.



Louise, a tenant with us for over 2 years, didn't want to leave us so waited for a larger property to come up and is now over the moon in her new bungalow.

"Ethical Lettings are great at finding decent reliable tenants and their management service is efficient and on the ball."

Richard Barker
Landlord Customer since 2015

"To all involved at the Ethical Housing Company. You purchased my buy-to-let property, it was dealt with professionally and with ease. Everyone that I met or spoke to were very friendly and courteous. The price offered was a fair one. Well done and thanks to all."

Maxine Bell
Landlord

"Selling my property to the Ethical Housing Company was so easy and straight forward. I was kept up to date throughout the process, the offer made was fair and it was only a matter of weeks instead of months for everything to be finalised. I would happily recommend the Ethical Housing Company."

Kerry Fawcett
Landlord

"I have been letting properties for years. My past experiences of agents weren't good. Ethical Lettings are different. They go above and beyond to get the job done. I get the rent from all my tenants every month now - that's a first!"

Ken Clark
Landlord Customer for over a year

SALLY'S STORY...

Sally approached us for housing in December 2020. She was living sporadically between private tenancies and sofa surfing and was suffering with mental health issues. After working with us and her social work team, we were able to house Sally just before Christmas. Sally has continued to make good progress and has been granted custody of one child with custody of her second child expected to be granted later this year.

On a recent home visit she said "I'm so happy and settled in my new home. I don't want to move again"

SUSTAINABLE DEVELOPMENT GOALS & ESG

The United Nations' (UN's) 17 Sustainable Development Goals (SDGs) are core to the UN's Agenda for Sustainable Development which provides a blueprint for developing and developed countries to work together and towards eliminating poverty and other deprivations and increasing education, equality and economic prosperity whilst tackling climate change.

All countries and all organisations can help play their part no matter how small.

As socially responsible companies, here is a snapshot of how we play our small part towards a sustainable world:

SDG 1: No Poverty

We contribute towards lowering our tenants financial poverty by:

- Keeping rents at affordable levels and carrying out individual rent affordability assessments before we give a tenancy to anyone; to prevent rent arrears.
- Reducing and clearing rent arrears when they do occur by effectively working with tenants and benefit authorities on an ongoing and proactive basis.
- Installing new heating systems that are more affordable in terms of heating bills.
- Giving free advice to applicants and tenants on ways to reduce debts.

SDG 5: Gender Equality

We work towards gender equality by housing a greater proportion of tenants who are female; 61% of EHC tenants are female; the largest grouping of whom are single parent families.

It has been proven in the UK that females suffer discrimination in the private rental market due to being in receipt of housing benefit (often due to being single parents) and being turned away for private rental housing for this reason. As such, many women face taking up housing that is substandard with dubious landlords.

We offer safe and decent housing for women and their children.



SDG 11: Sustainable Cities and Communities

We contribute to this goal by providing decent and safe rented housing to people in need. We ensure properties are well maintained and have legal certificates in place including for gas and electrical safety.

The private rent sector in the UK is the poorest quality compared to other tenures and has often been linked to poor health (mental and physical). It also has common problems of landlords not ensuring legal safety standards are met. By providing decent privately rented homes at the lower cost end of the market we are helping people to live in healthy and safe homes with a trusted landlord.

SDG 13: Climate Action

80% of EHC's properties are at an EPC level of D or above, with the remaining 20% at an E. EPCs (Energy Performance Certificates) are the national way to measure the energy efficiency of domestic dwellings and the current minimum level is an E.

We also install new gas boilers into homes we own (the majority of the homes we own and manage are older properties) to help decrease fuel poverty. We recognise that gas needs to change but at the moment and for the foreseeable future there is no affordable alternative without significant government investment on a national scale to tackle this problem.

We deliver on ESG

(Environmental, Social and Governance)

Together, our companies deliver on positive ESG impact:

- Our social impact, as highlighted in this report, is very high, well measured, and continues to grow annually. It is the core of what we do and why we exist.
- We maintain our properties to good standards and are ahead of the legally required energy efficiency standards.
- We have high standards of governance across all aspects of our companies, from the operations to the Board. EHC's investments are managed by Bridges Evergreen Holdings Ltd. who are legally regulated and a leading organisation on sustainable and impact investing.

LOOKING AHEAD

HOUSING NEED AND HOMELESSNESS
LOOKING AHEAD FOR TEESSIDE
AND OUR ROLE

The statistics paint a stark picture for the future of Teesside's population in the predicted Covid recession, particularly when the furlough and other financial schemes end.

Housing need always goes up in a recession, as does homelessness. Teesside will be no exception.

Teesside also has entrenched inequality. This has been recognised by the UK2070 Commission who have set up a Teesside Taskforce to explore these issues in more detail and recommend actions to help improve the situation for the long-term.

The Ethical Housing Company has recently raised £7.5million of new funding in order to purchase more properties to help people in housing need. At the moment, we are unable to purchase many due to the increased house prices, however we expect this to improve once this situation changes.

We always welcome the opportunity to work more with local authorities and others to help tackle homelessness and housing need. Particularly ensuring people and families do not end up in the hands of rogue landlords and agents who exacerbate problems that then often spill out into neighbourhoods.

Many more people in the coming years will be dependent on the PRS and many will have financial difficulties and /or support needs. The situation is comparable across all five Tees boroughs and **we would welcome a pan-Teesside approach to what will be a growing challenge in the coming years.**

We are local, long-term and well governed organisations here to provide decent, safe and affordable homes in the private rent sector, and we work hard to sustain tenancies and prevent homelessness.

As well as Carla Keegans, **TELA** and **EHC** have two non-executive directors with excellent experience in housing and finance who help ensure strong governance.

A WORD FROM OUR BOARD

"The EHC and TELA team have worked incredibly hard over the past year during Covid to ensure our key performance indicators have been consistently met. The level of social impact being delivered is to be commended. With the securing of £7.5m additional investment in the past year, we are well placed to grow our operations in the coming years to help meet increased housing need on Teesside."

Tom Biddle

Partner, Head of Evergreen Holdings Ltd.

"I have been a keen supporter of the TELA model since Carla launched it and was very pleased to come onto the Boards of both TELA and EHC. The TELA/EHC model is innovative and is showing that it is possible to combine excellent standards of housing management and tenant support with generating a financial return. Indeed, in many ways, our model is more social than social landlords, the need for which is pressing on Teesside and elsewhere."

Kevin Lowry

Independent EHC & TELA board member



- Some of our team

Together...
We can achieve
brilliant things!

**THE
ETHICAL
LETTINGS
AGENCY**

**THE
ETHICAL
HOUSING
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www.ethicalhousing.co.uk

UKALA
The UK Association of Letting Agents



Chartered
Institute of
Housing



CMP
Client Money Protect

