

INNOVER FINANCIEREMENT pour INNOVER SOCIALEMENT

(Financial innovation for social innovation)

Nathalie CAILLARD, Mathilde PELLIZZARI

July 2018

“Hémisphère” A social impact fund on an unprecedented scale in France

Context of the launch of the Hémisphère fund

The increasing use of emergency accommodation

According to a report by Insee (French National Institute of Statistics and Economic Studies), the number of homeless people, that is, people living on the street or in temporary accommodation, grew by 50% between 2001 and 2012, reaching 143,000 people in 2012. The study by Insee has not been repeated, however, according to the 23rd annual report of the Foundation Abbé Pierre on the State of Bad-Housing in France, it is very likely that this number has continued to rise. In particular, since June 2015, significant numbers of migrants have arrived in France which has exacerbated the situation of overcrowded emergency accommodation and increased the use of private hotels.

Hotels stays: an expensive and uncontrolled stopgap

Hotel stays have a high financial cost, especially as those staying in hotels often remain there for several years due to the lack of alternative, as highlighted by Secours Catholique in April 2018². Housing instability (promiscuity, insecurity, difficulties to cook, etc.) also entails higher long-term social and health costs. Indeed, hotel accommodation does not make it possible to provide the necessary support to improve the situation of people in emergency accommodation, mainly families.

A public call for tenders to remedy this situation

The French Government has undertaken to provide a structural response to this situation. As part of the three-year plan to reduce hotel stays (2015-2017), **the State, through the Ministry of Home Affairs and the Ministry of Housing, launched two public consultations at the end of September 2016 to select providers able to guarantee the provision of 10,000 temporary housing units with social support**, for five years from the award of the contract.

In response to these consultations, subsidiaries of the Groupe CDC Habitat (formerly SNI) AMPERE Gestion and Adoma have combined their expertise to launch the Hémisphère project.

In 2018, the temporary accommodation stock accounts for approximately 200,000 units, including 92,000 emergency and stabilisation ones, of which 46,000 overnight stays in hotels every day.¹

The hotel system could be problematic when it contributes to the development of the phenomenon of “slumlords”, landlords who take advantage of disadvantaged populations to rent inadequate housing.

¹ Source: The Foundation Abbé Pierre. 2018. 23rd annual report on the State of Bad-Housing in France.

² Source: Cécile Leclerc-Laurent. 30th April 2018. “L’hébergement d’urgence pris au piège des nuits d’hôtel” (“Hotels: substandard accommodation”). Secours Catholique.

CDC Habitat is a public-interest real estate subsidiary of the Caisse des Dépôts (French public bank). CDC Habitat manages over 425,000 housing units, most of which are social housing, and is the leading lessor in France as well as a key player in French housing policies.³

AMPERE Gestion is an asset management company in charge of 6 funds and mandates, with a total investment capacity of over 5 billion euros at the beginning of 2017. The purpose of AMPERE Gestion is to mobilise and make as many savings as possible in housing projects which often include social utility, by drawing on the expertise and network of CDC Habitat and the Caisse des Dépôts.⁴

Adoma is a semi-public company subsidiary of Groupe CDC Habitat, and is now the leading provider on a national level for accommodation and support to asylum seekers. Active throughout the country, Adoma provides shelter or accommodation to over 88,000 people in difficulty who cannot access housing under common law.⁵

Hémisphère Fund: an innovation of impact investing

Hémisphère brings together French long-term institutional investors, including BNP Paribas Cardif, CNP, Caisse des dépôts, Pro BTP and AVIVA. Funding also comes from a loan from the Council of Europe Development Bank (CEB). This 200 million euro funding will enable the creation of **10,000 emergency accommodation units**. The funds and assets are managed by AMPERE Gestion.

Adoma, the leading provider of social housing, ensures daily **reception, support and guidance to those housed** within the social housing held by the fund.

The project has four main objectives:

- 1** Operational efficiency and housing security
- 2** Budget optimisation: **State savings are estimated to be 40%** when comparing the costs of hotel accommodation with accommodation in Hémisphère residences. Within Hémisphère, the cost of both accommodation and social support is similar to the cost of an overnight stay in a hotel.
- 3** Rebalancing the range of accommodation in areas where there is the most demand
- 4** Social support provisions are implemented to complement the provision of accommodation. This social support is monitored using four indicators:
 - Child schooling
 - Access to social rights for qualifying households
 - Individualised support
 - Assistance to access permanent housing.

These indicators are audited annually and the achievement of the objectives associated to these indicators determines the variable return paid to investors.

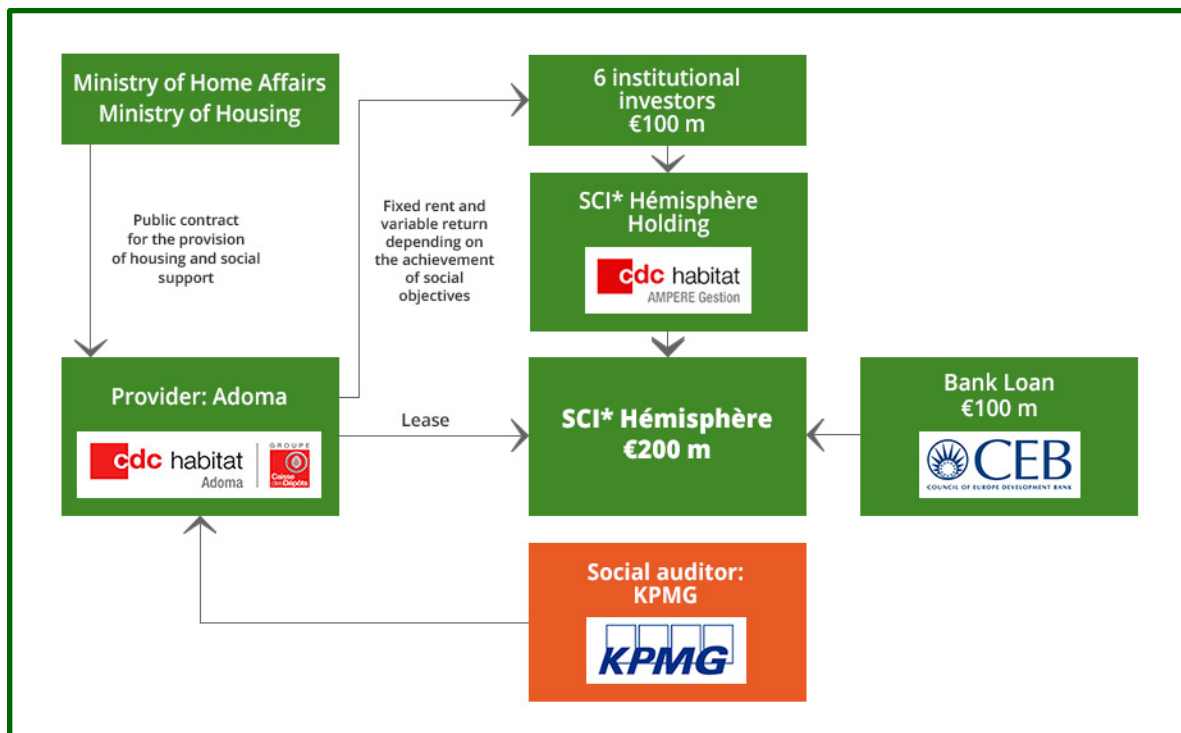
The Hémisphère fund is an impact investing vehicle on an unprecedented scale in France. Capital is guaranteed for the investors, and social impact is at the heart of the arrangement. Transparency and assessment of social impact are guaranteed by an annual social audit. **The Hémisphère fund is part of the dynamics of Social Impact Bonds. It enables a social programme to be funded by private stakeholders by using the achievement of social objectives to determine part of their remuneration.**

³ Source: CDC Habitat website. Available at: <http://www.cdc-habitat.com/qui-sommes-nous/operateur-immobilier-global.html> [accessed on 23/07/2018].

⁴ According to: AMPERE Gestion website Available at: <https://amperegestion.cdc-habitat.com/> [accessed on 23/07/2018].

⁵ According to: Adoma website. Available at: <https://www.adoma.cdc-habitat.fr/adoma/Accueil/p-704-Accueil.htm> [accessed on 23/07/2018].

Structure of Hémisphère



Social results

The fund was launched in 2017 for a period of 10 years. The first social audit was carried out at the end of 2017. **By 31st December 2017, 58 residences had been created and over 6,000 people had been provided with shelter, accommodation and support.** The social results based on two indicators were as follows:

- Adoma got school certificates for 75% of children housed in hotels for social purposes. The rate of children attending school is estimated to 95%.
- The rate of those leaving social hotel residences for positive reasons is around 45%. The support provided by Adoma teams can enable people to access housing, find a job and obtain social and administrative public aid.⁶

References

CDC Habitat. July 2018. Press release “Hémisphère, un an de mobilisation”. Available at: <http://www.cdc-habitat.com/nos-activites/gestionnaire-de-fonds/hemisphere-notre-mobilisation-au-service-de-lhebergement-durgence.html> [accessed on 23/07/2018].

Apur (Paris Town Planning Workshop), DRIHL (Regional and Interdepartmental Office for Shelter and Housing). May 2018. Les dispositifs d’hébergement et de logement adapté dans la métropole du Grand Paris. Available at: http://www.drihl.ile-de-france.developpement-durable.gouv.fr/IMG/pdf/dispositifs_hebergement_et_logement_adapte.pdf [accessed on 23/07/2018].

The Foundation Abbé Pierre. 2018. 23ème rapport annuel, l’état du mal-logement en France.. Available at: http://www.fondation-abbe-pierre.fr/documents/pdf/23e_rapport_sur_letat_du_mal-logement_en_france_2018_-_le_rapport_complet.pdf [accessed on 23/07/2018].

Insee. July 2013. L’hébergement des sans-domicile en 2012. INSEE PREMIERE, N° 1455. Available at: <https://www.insee.fr/fr/statistiques/1281324> [accessed on 23/07/2018].

Cécile Leclerc-Laurent. 30th April 2018. “Hôtel : l’hébergement indigne”. Secours Catholique. Available at: <https://www.secours-catholique.org/actualites/hotel-lhebergement-indigne> [accessed on 23/07/2018].

Isabelle Rey-Lefebvre. 27th December 2016. “L’hébergement d’urgence pris au piège des nuits d’hôtel”. Le Monde. Available at: https://abonnes.lemonde.fr/logement/article/2016/12/27/1-hebergement-d-urgence-pris-au-piege-des-nuits-d-hotel_5054291_1653445.html [accessed on 23/07/2018].

For any questions or additional information:

Mathilde Pellizzari
Impact Invest Lab
mathilde@ii-lab.org

Raphaëlle Sebag
Impact Invest Lab
raphaelle@ii-lab.org

Nathalie Caillard
AMPERE Gestion
nathalie.caillard@cdc-habitat.fr

⁶ More information can be found in the press release “Hémisphère, one year after mobilisation”.

* “Société Civile Immobilière”: French legal form for a property investment company