

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3518

Transfer of interest in Real Lettings Property Fund 2 to new Resonance Housing Pathways Fund

Programme: Accommodation and wider support for those who need it most

Executive Summary:

The GLA has made a £19.2 million equity investment in Resonance's Real Lettings Property Fund 2 (RLPF2). It was made under the Homes for Londoners Affordable Homes Programme 2016-21 (see [Mayoral Decision \(MD\) 2125](#) and [MD2052](#)). It is proposed that this investment will be rolled over to a successor fund, Resonance Housing Pathways Fund (RHPF). RHPF is aimed at transitioning formerly homeless people, or those at risk of homelessness, into tenancies in the private rented sector.

This will provide seed assets for RHPF – and so preserve the number of London homes associated with the GLA's investment. It will also help the new fund to scale up. RHPF hopes to scale to £1 billion by 2030; around 60 per cent of this (as measured by Net Asset Value – NAV) is expected to be allocated to London.

The GLA's investment is routed through GLA Land and Property Limited (GLAP), which is a limited partner in RLPF2. Under these proposals, RLPF2 will be restructured to operate as a holding structure through which RLPF2 re-investing investors will initially own their position in RHPF. Once RLPF2 is wound down, re-investing investors (including GLAP) will own their position in RHPF directly.

Decision:

That the Mayor:

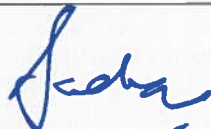
- approves rolling over GLA Land and Property Limited's (GLAP's) £19.2 million equity investment in Resonance's Real Lettings Property Fund 2 to its successor fund, Resonance Housing Pathways Fund (RHPF); this will be on the basis set out in this decision form, and subject to the successful conclusion of legal due diligence in respect of the documentation required to implement the proposal
- delegates authority to the Executive Director (Housing & Land) to approve any amendments, arising from due diligence to the structure or implementation of the investment within the existing £19.2 million funding envelope
- approves the extension of the current £20 million interest-bearing loan to GLAP from the GLA (approved under DD2175 and DD2346) and the deferral of any repayment due under that loan until such time as GLAP exits RHPF.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

7/7/22

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The Innovation Fund was launched on 29 November 2016, as part of the Homes for Londoners: Affordable Homes Programme (AHP) 2016-21. Providers were invited to submit proposals that sought to deliver affordable housing, using GLA investment in innovative ways. This was approved in Mayoral Decision (MD) 2125.
- 1.2. Resonance Limited (company number 04418625) (Resonance) submitted an expression of interest in 2017. It secured £15 million of GLA Land and Property Limited (GLAP) funding to create the Real Lettings Property Fund 2 (RLPF2). This is designed to purchase homes that can accommodate those who have experienced, or are at risk of, homelessness; and who are ready for independent living. This investment was approved under Director Decision (DD) 2175. In April 2019, further GLAP investment in RLPF2, of up to £10 million, was approved under DD2346.
- 1.3. Since 2017, the GLA has strategically invested £19.2 million into RLPF2. Its co-investors included:
 - the London Borough of Croydon (LB Croydon)
 - LB Lambeth
 - LB Westminster
 - Guy's and St Thomas' Charity.

Given the commercial nature and activities of RLPF2, the GLA's investment was structured by means of an interest-bearing loan to GLAP. This was then used by GLAP to fund its equity investment in RLPF2.

- 1.4. RLPF2's current portfolio comprises 333 properties. These are leased to Notting Hill Genesis (NHG) and then sub-let to individual households – comprising those who have experienced, or are at risk of, homelessness. LB Croydon, LB Lambeth and LB Westminster currently benefit from nomination rights into the fund's properties.
- 1.5. RLPF2 was originally conceived as having a life of between seven and nine years. DD2175 noted that, at the end of the project's lifespan (the exit point), properties would be expected to be sold either on the open market; or on arm's-length market terms into another impact fund. Investors would either share in any uplift in the value of sold properties; or be able to port the value of their investment into another impact fund.
- 1.6. RLPF2's work is measured against three factors:
 - housing outcomes
 - yield
 - capital growth.

Its performance to date has been positive on the first two of these.

Housing outcomes

- 1.7. To date, several hundred tenants have been housed, and light-touch support has been provided (typically employment-focused). The RLPF2 Social Impact Reports indicate substantial positive outcomes:

- 99 per cent of tenants sustain their tenancy for more than six months
 - around half of tenants are in employment, with a further third unemployed but making progress towards work.
- 1.8. The properties purchased by RLPF2 are mainly a combination of one- and two-bedroom flats. It has also purchased some three-bed properties, due to the demand for family-sized homes.
- 1.9. The properties are all across London, and are an example of 'pepper-potting'. This means that, rather than acquiring blocks of housing, the strategy is to acquire properties on a standalone basis to support social integration.
- 1.10. RLPF2 has also contributed to the Ending Homelessness Accelerator Programme's ambitions to:
- reduce the cost and use of temporary accommodation
 - increase the supply of move-on accommodation, to support households experiencing homelessness to move out of temporary accommodation.

The GLA and London Councils launched the Ending Homelessness Accelerator Programme in December 2025. The programme's aim is to accelerate an end to all forms of homelessness across the capital.

Yield

- 1.11. Resonance has confirmed that yield targets of two per cent have been exceeded by around 0.5 per cent. In cash terms, this has generated a return of approximately £3 million for the GLA.

Capital growth

- 1.12. The fund has not delivered the anticipated capital appreciation – such that the internal rate of return has underperformed against an initial five per cent target. The most recent valuations on RLPF2, carried out by Savills, indicate that the fund value has reduced by approximately 7.5 per cent. This is ascribed to:
- the pioneer nature of the fund (the model was being developed) and its one geography (London)
 - prioritising property delivery over returns
 - investing into properties with higher refurbishment needs, at a relatively high point in the London market
 - the market drag on capital appreciation of housing stock of the type that RLPF2 acquired (i.e. typically modest assets located in the outer zones of London).

Options

- 1.13. The exit point has now been reached. The options are:
- to exit RLPF2, triggering the sale of occupied properties and to recoup (as far as possible) the GLA's investment (the exit option)
 - to participate (initially via a restructured RLPF2, then directly via GLAP once RLPF2 is wound up) in the new Resonance Housing Pathways Fund (RHPF); and permit the value of GLAP's interest (and the associated properties) to seed the new fund (the reinvestment option).

As at March 2026, the GLA's investment accounted for around 63 of the homes in RLPF2's 333 property portfolio. At that time, the value associated with the properties was around £18 million (around 19 per cent of the RLPF2's then value of £95 million).

1.14. This decision proposes rejecting the exit option, for the following reasons:

- On current values, RLPF2's repayment of the GLA investment crystallises a loss of around £1.2 million.
- As there is no liquidity mechanism within RLPF2, any repayment of the GLA's investment would have to be generated by the sale of assets within the portfolio. This would mean either:
 - selling any unoccupied homes, thus reducing the amount of homeless provision in the capital
 - risking tenants (with experience of homelessness) having to be moved out of homes.
- Any required sale of the whole portfolio would likely result in opportunistic bids, as the sale would be seen as 'distressed' in nature. This would, again, risk the units being lost to London boroughs – thus increasing pressure on temporary accommodation.
- Such a sale would likely trigger a costly and lengthy process to acquire vacant possession of some or all of the current properties, which are subject to extant leases to NHG.
- The GLA's exit (via GLAP) is likely to prejudice the launch of RHPF, as it would reduce the level of reinvested capital impacting available Stamp Duty Land Tax relief. This would, in turn, impact potential returns and institutional investor interest. If the RHPF does not launch, there is uncertainty over the RLPF2 portfolio – and a risk of tenants being made homeless. This contradicts the strategic aims and objectives for the GLA's investment into the fund.

1.15. The reinvestment option is preferred for the following reasons:

- It supports the GLA's strategic aim to prevent homelessness.
- It preserves a level of existing temporary-accommodation provision in London.
- It provides greater accommodation security to existing residents.
- It does not crystallise a loss; and (subject to RHPF's performance, and the longevity of GLA investment) gives the opportunity for that loss to be reversed.
- It supports the launch of RHPF – which (if it scales to £1 billion, as per its current aim) is projected to unlock further homes provision in London, and so provide pathways out of temporary accommodation. It cannot be said exactly how much extra provision there will be, as this hinges on the scale of investment achieved by RHPF. However, RHPF is already attracting further institutional investment to supplement existing investments.
- Subject to the fund's performance, and the longevity of the GLA's investment, the reinvestment option offers the potential for further returns to the GLA via investor yield and/or capital returns (see Part 2).

1.16. Implementing the reinvestment option would mean that a new fund (RHPF) would be created as an open-ended evergreen fund. An evergreen fund is an 'open-ended' investment vehicle that does not have a fixed termination date. It continuously accepts new investors and periodically allows capital withdrawals (redemptions) at net asset value. The evergreen fund is to be structured as a Reserved Investor Fund (Contractual Scheme) (RIF). RLPF2 would be restructured to allow some of its investors to invest in RHPF, whilst facilitating the exit of other investors. Reinvesting investors from RLPF2 will initially own their position in RHPF via RLPF2, which will operate as a holding structure for that investment. The intention is that, after an initial period of at least three years, RLPF2 would be wound up; and the reinvesting investors would own their position in RHPF directly. In addition to assets seeded from RLPF2 investors, RHPF will also benefit from assets seeded by another Resonance fund: the National Homeless Property Fund.

1.17. The RIF structure became available in March 2025. The government introduced it to enhance the UK's existing funds regime, by meeting industry demand for a UK-based, unauthorised contractual scheme with lower costs and more flexibility than existing schemes. It also offers certain taxation benefits and reliefs. RIFs are open to professional and institutional investors, rather than the general public. The government expects RIFs to be particularly attractive for investment in commercial real estate. RIFs are established as alternative investment funds. This means the fund manager must be regulated by the Financial Conduct Authority (FCA) under the UK Alternative Investment Fund Managers Regulations (rather than the fund itself being regulated by the FCA).

1.18. RHPF's objectives are as follows:

- To increase the provision of high-quality, affordable homes in the heart of communities – providing life-changing homes and pathways out of homelessness for people in crisis. In doing so, the fund aims to:
 - transform the lives of households experiencing (or at risk of) homelessness
 - deliver an institutional investment model capable of addressing homelessness at scale
 - help alleviate some of the financial and resource pressures facing local authorities.
- To provide investors with a capital and income return from residential property within certain areas of the UK (including London). The primary return focus is income.

1.19. RHPF will be managed by Resonance – which is authorised by the FCA as an alternative investment fund manager (AIFM), in accordance with the AIFM Directive; and has the necessary permissions to act as the AIFM to the fund.

2. Objectives and expected outcomes

2.1. The proposal supports the GLA's strategic aim to prevent homelessness. RHPF contributes to the London-level, long-term outcomes listed in the delivery plan for the Mayor's 'Accommodation and wider support for those who need it most' programme:

- Londoners are not homeless
- Londoners live in homes they can afford.

2.2. RHPF will help achieve these outcomes by increasing the supply of affordable accommodation in the private rented sector. This will, in turn, support households to move out of temporary accommodation. Investment into the RHPF is a good match for the GLA's strategic objectives. It will achieve a social impact, and has the potential to provide a commercial return. The GLA's reinvestment via GLAP will provide a substantial benefit to London. Critically, it preserves existing move-on accommodation provision with 333 properties pan London, and prevents these homes from exiting into the market rented sector. Additionally, the reinvestment provides greater accommodation security to existing residents. From a commercial perspective, the reinvestment does not crystallise a loss; and – subject to RHPF's performance, and the longevity of the GLA's investment – gives the opportunity for that loss to be reversed. Moreover, the GLA's reinvestment via GLAP supports the launch of RHPF: if it scales to £1 billion, as per its current aim, it is projected to unlock further affordable homes provision in London, and so provide pathways out of temporary accommodation. Subject to the fund's performance, and the longevity of the GLA's investment, the reinvestment option offers the potential for further returns to the GLA via investor yield coupled with the potential for capital returns.

Homelessness prevention and provision of move-on accommodation

- 2.3. A growing number of households are facing homelessness and seeking assistance from local authorities, according to statutory homelessness data. London authorities accept a statutory duty to assist with this. The proposal has a positive network effect with respect to reducing this impact.
- 2.4. Rising homelessness – combined with reductions in Local Housing Allowance, and the total benefit cap – is making it harder for local authorities to secure private rented accommodation:
 - for use as temporary accommodation for households whom local authorities accept a duty to accommodate
 - as an option for households whose homelessness they seek to prevent
 - for those ready to ‘move on’.
- 2.5. The fund offers a home for people able to live independently, whilst providing light-touch support. This gives tenants a sense of responsibility for their home, with the aim of preparing them to move on.
- 2.6. The RHPF will contribute towards the Ending Homelessness Accelerator Programme’s ambitions to:
 - reduce the cost and use of temporary accommodation
 - increase the supply of move-on accommodation.

Helping local authorities to meet the demand for temporary accommodation

- 2.7. Statutory homelessness data shows a marked increase in the number of households in temporary accommodation provided by London authorities. Families with children formed the majority of the households within RLPF2; these are often young, single-parent families. The properties acquired provide local authorities with a more suitable, stable and cost-effective alternative to B&B accommodation.

Wider social impacts

- 2.8. RHPF will have wider social impacts in line with the GLA’s strategic role, as measured against themes of:
 - improving housing opportunities
 - progressing towards work
 - improving resilience against homelessness.

Commercial return

- 2.9. The financial return is not the primary rationale for the GLA’s investment. However, the potential for future returns is an additional benefit, as described in part 2 of this paper.

3. Equality comments

- 3.1. This initiative will continue to have a positive impact on individuals and families with a range of protected characteristics, as defined by the Equality Act 2010, who disproportionately experience homelessness.
- 3.2. The Public Sector Equality Duty, as set out in the Equality Act 2010, requires the Mayor and the GLA to have due regard to the need to:

- eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010
 - advance equality of opportunity, and foster good relations, between persons who share a protected characteristic and persons who do not share it.
- 3.3. The recommendation to transfer GLAP's equity interest in RLPF2 into the RHPF will support the Mayor and the GLA to advance equality of opportunity. It will do so by securing accommodation, in the private rented sector, for households who have experienced, or are at risk of, homelessness.
- 3.4. In 2024-25, 70,000 London households – almost two per cent – were deemed to be owed a homelessness duty. Some groups of Londoners with protected characteristics were more likely to be owed a homelessness duty.
- 3.5. With regards to the protected characteristics of households living in emergency and temporary accommodation: on 31 March 2025, there were 73,000 London households in temporary accommodation (including 94,700 children). Single-mother households were overrepresented.
- 3.6. GLAP's investment into the RHPF will facilitate co-investing London boroughs with continued access to nomination rights for up to 333 affordable homes leased to NHG. The properties are rented to tenants at current Local Housing Allowance rates. Additionally, the fund has the aspiration of raising more capital to acquire more properties for the same purposes.

4. Other considerations

Key risks and issues

- 4.1. The risks associated with this proposal are in the Appendix. Further risks and issues are outlined in part 2 of this decision form.

Links to Mayoral strategies and priorities

- 4.2. This proposal supports the Mayor's London Housing Strategy, particularly with respect to Accommodation and wider support for those who need it most and also delivering genuinely affordable homes as well as high quality homes and the creation of inclusive neighbourhoods. The proposal is an excellent fit with the Mayor's priorities to:

- prevent homelessness
- provide move-on accommodation
- help local authorities to meet the demand for temporary accommodation
- improve employment outcomes for people with previous experience of homelessness.

Impact assessments and consultations

- 4.3. The RHPF will produce an annual social impact report to report on the fund in terms of improving housing opportunities, making progress towards employment and improving resilience against homelessness. The GLA has engaged with Resonance, GLAP and the relevant legal and commercial advisers on this proposal. It is not considered necessary or appropriate to consult any other persons or bodies, including those specified in section 32 of the Greater London Authority Act 1999 (GLA Act), for the purposes of this MD.

Opportunity cost

- 4.4. The source funding for this investment is from the AHP 2016-23. Pursuit of the reinvestment option defers repayment of the original source funding. It follows that the opportunity cost of the

reinvestment option is that the funds from RLPF2, which would be returned to the GLA under the exit option, are not available to be reinvested into other affordable housing projects. Fundamentally, as stated in the decision above, approval is sought for the extension of the current £20 million interest-bearing loan to GLAP from the GLA (approved under DD2175 and DD2346) and the deferral of any repayment due under that loan until such time as GLAP exits RHPF.

Conflicts

- 4.5. No conflicts of interest have been identified for any officers involved in the development of this proposal, or the drafting or clearance of this decision form.

5. Finance comments

- 5.1. This MD seeks approval for GLA (via GLAP) to reinvest the capital of £20 million from the expiring RLPF2, into Resonance's new 'evergreen' RHPF. The original investment (RLPF2) was used to "purchase homes to accommodate individuals and families who have experienced homelessness or are at risk of homelessness but who are ready for independent living". The investment was originally funded from the AHP 2016-23, which was approved in DD2175 and DD2346. Reinvesting in the RHPF does not require additional funding from the GLA or GLAP. The benefits of reinvesting RLPF2 into RHPF are outlined in paragraph 1.15, above.
- 5.2. The RHPF has a lock-in period of three years, as stated in the RHPF Deed. Therefore, GLA (via GLAP) will need to develop an exit strategy from the fund to avoid any loss on the capital invested. There is the risk that the GLA may not realise the full value of the investment when exiting the fund. Detailed potential risks of this investment and the mitigation strategy are outlined in the Appendix (Risk Register).
- 5.3. The tax implication for this fund remains unchanged from the original investment, except for capital gains tax. Therefore, for corporation tax purposes, the taxable profits on the income of the partnership are computed; and the results are allocated to the partners (e.g. GLAP) according to their profit-sharing ratios. For capital gains property, disposals by the RIF are exempt from tax. GLAP is treated as owning a fractional share of the units in the RIF; and a capital gain or loss only arises when the fractional share of the units are disposed of (e.g., on actual sale by the partnership of units or a change in profit-sharing ratios).

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor fall within the statutory power of the GLA under section 30(1) of the GLA Act (as amended) to do anything that it considers will promote social development in Greater London.
- 6.2. In exercising the power in section 30(1), the GLA must have regard to the matters set out in section 30(4-6A) of the GLA Act; and the Public Sector Equality Duty in section 149 of the Equality Act 2010. Reference should be made to section 3, above, in this respect.
- 6.3. In addition to the above, where the GLA is proposing to use the power conferred in section 30(1) of the GLA Act, it must consider consulting in accordance with section 32 of the GLA Act. As noted at paragraph 4.3, above, GLA officers have engaged with Resonance and professional advisers in relation to this proposal. GLA officers have confirmed it is not considered necessary or appropriate for the GLA to consult with any other persons or bodies, including those specified in section 32 of the GLA Act, for the purposes of this MD.
- 6.4. Further legal comments relating to the requested decisions are in part 2 of this decision form.

7. Planned delivery approach and next steps

- 7.1. Close consultation with GLA finance and legal advisers has been conducted as part of the assessment of the opportunity. Further due diligence pursuant to the advice received will be finalised before GLAP enters into any documentation to implement the proposal set out in this decision form.
- 7.2. The next steps are summarised below:

Activity	Indicative timeline
Complete due diligence	July 2026
Execution	July 2026
Investment period ends	Ongoing
Quarterly returns received and performance of fund reviewed	Ongoing

Appendices and supporting papers:

Appendix 1: Risk Register.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Strategic Programmes

Does this decision seek approval for activity falling within the remit of a programme delivery plan? YES

If YES, which programme/s does this fall within: Accommodation and wider support for those who need it most.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Robert Debà has drafted this report in accordance with GLA procedures and confirms the following: ✓

Sponsoring Director:

Tim Steer has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities. ✓

Mayoral Adviser:

Tom Copley has been consulted about the proposal and agrees the recommendations. ✓

Advice:

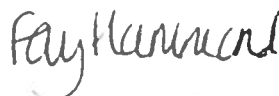
The Finance and Legal teams have commented on this proposal. ✓

Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on the 6 July 2026.

CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.



Date 6 July 2026

Signature

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor



Date 6 July 2026

Signature