



# UK: Homes for Good Scotland

*Renovating the unfit housing stock: Case Study #1*



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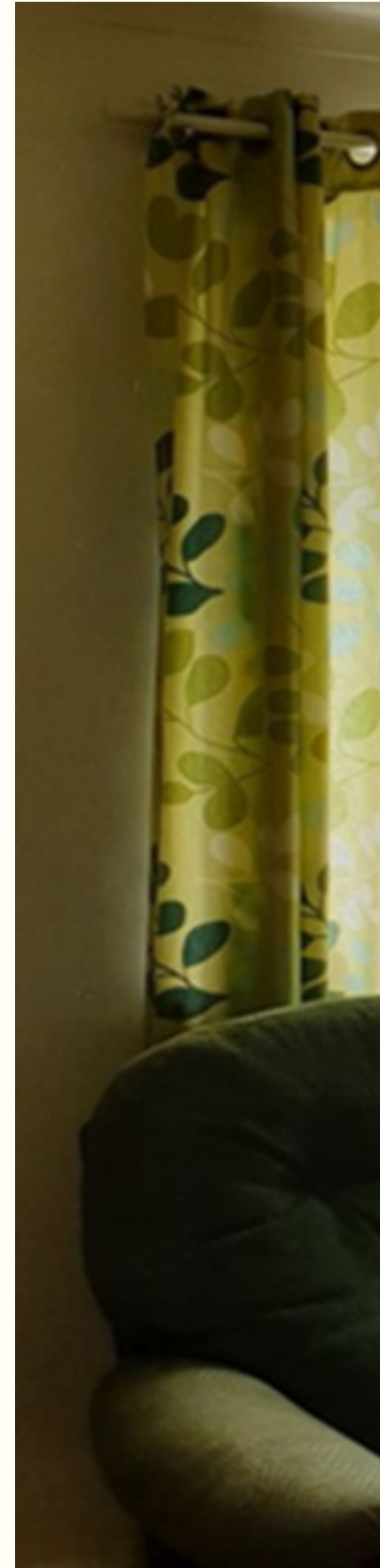
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*This booklet is published thanks to the support of the European Climate Foundation*

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# 1. Context

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**Homes for Good (Scotland) CIC (Community Interest Company)** was created in March 2013 as the first Scottish social enterprise letting agent within the private rented sector. Based in Glasgow, **Homes for Good (HFG)** manages homes within the City of Glasgow and surrounding local authority areas in the West of Scotland.

Scotland has a population of approximately 5.4 million living in 2.5 million households. In 2022/23 approximately 39,000 people presented as homeless. There are 350,000 private rented sector households (14%) with 31% them reliant on government support to pay rent, and 245,000

households are on social housing waiting lists. Due to the shortage of social housing, people who are homeless or who are on low incomes/government benefits often rely on renting at the lower end of the private rented sector as their only option. Historically, if they have been able to access a Private Rented Sector (PRS) property at all (many landlords will not offer homes to people on benefits) these properties were typically in poor physical condition, often with equally poor management practices by landlords and letting agents.

Creating access to quality at the lower end of the PRS for people with limited choice and who are

homeless was the challenge **HFG** has chosen to tackle. The challenge is even greater today, with rents having risen to a level far exceeding government benefit allowances, increased competition, the demand for homes from the growing student population, and a growing asylum seeker/migrant population.

## **Motivation**

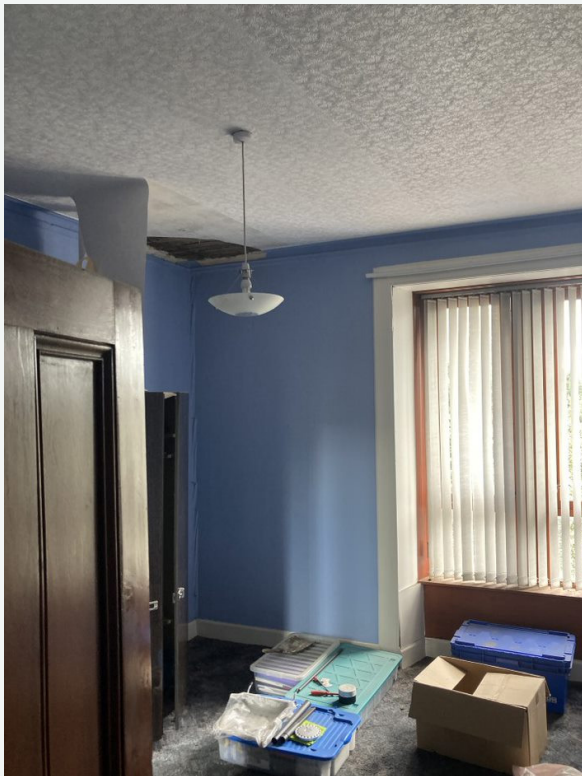
**HFG** has responded to this challenge through the creation of a portfolio of affordable, quality homes for people with limited housing choice.

## **Source of Inspiration**

**HFG** founder Susan Aktemel, piloted this approach of buying lower value properties, designing and furnishing them, and then

**“Our investment portfolio aims to address the issue of empty and unfit properties and transform them into beautiful affordable homes.”**

supporting people on lower incomes to live in them through her previous work in the social sector, and by creating a small portfolio of homes within her family business. A combination of her frustration with quality within the private rented sector based on her own experience, and her determination to raise investment to build a portfolio at scale has enabled **HFG** to achieve what it has to date.



Before and after pictures of a recent renovation by Homes for Good Scotland

## 2. Project Description

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Firstly, we identify and buy empty and dilapidated homes both on the open market, at auctions, and through private referrals, and revitalise them within three months through our renovations team and builders. We also buy properties from landlords who already have tenants in their homes, and we improve their living conditions and quality of life.

Our funding model is based on buying properties at the lower end of the market, to ensure we can set affordable rent once costs of renovation and furnishings are considered. We try to purchase multiple flats within the same building, to enable us to take the lead in improving common areas

and, in turn, improve the living conditions of other residents.

Our renovation work includes energy efficiency improvements such as heating, window upgrades, and insulation. We also replace flooring, electrics, kitchens, and bathrooms as required – every property is different. Where we can we convert one bed into two bed properties, creating more space for larger households.

Once the renovation work is completed, our interior design team fully furnishes the space, transforming it into a home someone will love at first sight. This furnishing goes far beyond basic appliances and furnishings, and includes



bedding, cushions, curtains, decorative ornaments, and pictures. The warm, cosy, and welcoming feeling of a fully furnished property ready for a new long-term resident is our first goal. We then continue to manage the property and tenants with a person-centred tenancy support.

## Target Group

HFG advertises its properties on the open market, accessible to anyone that is looking for a long-term home. Lower rent levels attract people on lower income and in receipt of benefits. While we get to know our applicants, we learn to understand their financial and personal circumstances which helps us to accommodate their needs. We also partner with numerous

agencies and stakeholders who specialise in working with specific groups by offering temporary accommodation to homeless people and refugees. At HFG we practise a person-centred approach and we believe that people have a choice in selecting a home they love for the right reason.

**“This furnishing goes beyond basic appliances...the warm, cosy, and welcoming feeling of a fully furnished property ready for a new long-term resident is our first goal.”**

## Issues Addressed by Measures

Our investment portfolio aims to address the issue of empty and unfit properties and transform them into beautiful affordable homes. Many owners lack the knowledge and funds to regenerate a property to acceptable standards and therefore these properties can remain empty and unloved. Turning empty houses into occupied homes has a positive impact on sustainment and regeneration of an entire community. Occupied homes are bringing income for the owners, community, and local authority. This reduces antisocial behaviour in the area and improves residents' sense of belonging. On the other hand, purchasing and upgrading tenanted property works is a preventive measure, as residents

**“Since 2013 Homes for Good has raised over £20 million through social investment, allowing us to buy and renovate over 340 homes across Glasgow and the West of Scotland”**

get to keep their home at the same costs while their living conditions and wellbeing are improved. Good-quality and sustainable homes should never be a luxury for the few.

## Stakeholders Involved and Funding

Since 2013 **HFG** has raised over £20 million through social investment, allowing us to buy and renovate over 340 homes across Glasgow and the West of Scotland. Social or impact investment is a type of loan provided by specialist funders to charities and social enterprises who make a tangible positive difference in people's lives. Our investors include **The Charity Bank/Big Society Capital, Social and Sustainable Capital** and **Big Issue Invest**. Our business model, based on lower purchase and renovation costs, allows us to rent properties quickly at an affordable rent and provide an acceptable rate of return for our investors. In 2021 we joined forces with **Shelter Scotland** and the **Scottish Empty Homes Part-**

**nership (SEHP)** funded by the Scottish Government, which aims to encourage private sector empty properties back into use. With this venture we are aiming to revive at least 30 empty properties by either making a purchase or providing advice and support to an owner who is planning to rent.

## 3. Outcomes

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### Positive Outcomes

A controlled purchase and renovation strategy allows us to offer affordable rents to people on lower incomes. The improved condition of our properties increases their value, which in turn strengthens **Homes for Good's** financial security and creates a long-term asset base. Bringing empty homes to life and regenerating communities has a wider social impact on future generations of deprived areas. Merging the gap between social and private markets by creating high standards of homes at affordable prices has a direct impact in reduction of homelessness. **HFG's** approach allows freedom

of choice; people do not have to be stuck on waiting lists until a property becomes available, and then take it, all the while hoping to have enough money available to make the flat habitable. With **HFG**, people have a choice. The emphasis on the quality and detail of the properties alongside our friendly approach has a direct impact on our tenants, with over 70% reporting a significant improvement of physical and emotional wellbeing within the first three months of becoming a **HFG** tenant.

### Innovation and Key Success Factors

The first step, after developing the concept, was

to learn the language of investors and secure the funding required to deliver the vision. The rest was relatively simple: find the right properties at the right price, keep within budgets, and surround yourself with a hard-working, like-minded team. Managing our own investment portfolio and generating operating income from rents makes our letting-agency model self-sustainable. Understanding our tenants' needs and working around it with a person-centred support provides longevity and satisfaction.

## **Barriers and Difficulties**

Securing social investment and finding the right flat at the right price has become increasingly challenging and takes time. Refurbishing homes in 90 days with a small team brings its own

barriers and sourcing external help can push expenditure over budget. In the current climate, higher interest rates and house prices are challenges that call for the reassessment of our business model. While working with vulnerable people on low incomes, we must allow for risks of tenancy failure and associated operational costs. Our tenancy support approach is a preventive measure, aimed to resolve these challenges

**“Empty homes and energy efficiency grants alongside investment would make enable high quality homes at affordable rents.”**

and sustain tenancies long term. Cost of living pressures for our tenants have a direct impact on arrears and property conditions. Taking over tenanted properties brings challenges related to building trusted relationships with people who have been previously let down by their landlord in the past; but persistence, kindness, and honesty go a long way to repairing these relationships.

## **Keys of Transferability**

Rather than focusing on a big new development and investments, looking into recycling existing homes that are unused, thus making a positive impact on the environment, communities, and housing, is an option which can apply anywhere in the world. No matter how

small the percentage of empty homes is in the area, the opportunity for regeneration is a far more cost effective and valuable approach in preventing homelessness than building “from scratch”. Private sector providers should work on breaking the stigma of “low-income” families being bad tenants. People on social benefits are at a lower risk of not paying rent than people in employment who may lose their job suddenly.

## **Policy Recommendations**

- ◀ **Low interest rate capital is essential to make this model work for people most in need of homes;**
- ◀ **Relaxation of planning processes - speed and criteria - would increase development**

opportunities to create more homes.

- ◀ Empty homes and energy efficiency grants alongside investment would make enable high quality homes at affordable rents.
- ◀ Tax incentives for owners and landlords who offer properties to people at lower than market rents.



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