



GROUPE **SNI**
GROUPE CAISSE DES DÉPÔTS

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The emergency shelter crisis: SNI Group and AMPERE Gestion announce an additional 6,000 places funded by a social impact bond

Paris, 15 March 2017

Central government is being increasingly asked to help with temporary accommodation for people experiencing difficulties and it is having to pay for more and more overnight stays in private hotels. This situation has now reached its limits. Two consultation processes were launched for the purpose of selecting operators who will be able to provide both accommodation and social support. As part of this process, SNI Group and AMPERE Gestion today launched a social impact fund whose first operation will be to acquire 62 hotels. This will help to provide an innovative solution to the crisis in emergency accommodation and could potentially be rolled out to other areas of social action.

Meeting the need for emergency accommodation

To help meet the needs of Central Government, SNI Group – via its subsidiary, AMPERE Gestion – has set up the *Hémisphere* social impact fund which brings together six heavyweight institutional investors. It will focus on acquiring, restructuring and owning properties that meet Government specifications, which will then be leased to Adoma and included in its emergency accommodation offering.

The success of this initiative – underpinned by the complementarity of SNI's expertise in various different spheres – is based on an innovative approach that reconciles profitability, liquidity and cost control imperatives with the need for a quality service offering.

A portfolio of 62 hotels with 6,000 beds

Hémisphere's first operation will be to acquire 62 hotels formerly operated under the Hôtel F1 brand. Once they have been renovated, they will provide 6,000 units of emergency accommodation, rising to 7,700 units once other buildings earmarked for acquisition as part of this operation are included.

These new emergency shelters will all be up and running within six months. They will be deployed beginning in the Spring and located throughout France to take the pressure off centres in Paris and the Greater Paris region (26% in the Paris region, 19% in the Auvergne-Rhône-Alpes region, and between 3% and 8% elsewhere). They meet the technical and geographical specifications that have been stipulated by Central Government.

Hémisphere has raised enough funds to acquire property over the next two years that will yield 10,000 units of emergency accommodation.

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Developing a new form of social impact bond

The *Hémisphere* initiative is based around social impact bonds that get private sector investors to fund social programmes and tie remuneration to improved social outcomes.

Although investors are now beginning to show more interest, up to now social impact bonds have only been used to finance limited-sized projects of around a few million euros: with an investment capacity of some €200 million, *Hémisphere* is the first really large scale-initiative to use this type of instrument.

This financing arrangement involves very close cooperation between public and private stakeholders:

- Central Government draws up the technical specifications of the service offering to be entrusted to a social services operator;
- Adoma, the operator selected by the Government, is in charge of providing emergency accommodation and social support;
- six long-term institutional investors finance the project as part of a social impact investment (commitment to invest €100 million in equity).
- the CEB, the Council of Europe Development Bank, rounds out the Fund's resources by putting up a maximum of €100 million;
- an independent evaluator measures the social outcomes which determine part of investor's returns;

An effective solution for modernising public action

Central government is set to save 40% on the cost of overnight hotel stays thanks to this initiative.

However, aside from budgetary considerations, this process will also help to control the quality of emergency accommodation and the social support offering more effectively. Properties are selected in accordance with project specifications laid down by Central Government covering technical requirements and the availability of public services and transport. The *Hémisphere* Fund will finance the cost of all work that has to be carried out over the operational phase, thus ensuring the long-term upkeep and maintenance of the properties.

Investor returns will be partially linked to social outcomes and in particular the number of people who have been placed in permanent accommodation or successfully transitioned from the programme, or the proportion of children attending school. These objectives will be measured each year by an independent external auditor. Aside from the incentive-based nature of this arrangement, the principal of an independent evaluation is an additional guarantee of transparency and efficient management.

The *Hémisphere* model could also be adapted and rolled out to other areas of social action, notably projects that require personalized follow-up services (e.g., job orientation and integration programmes), or programmes to finance infrastructure with a major impact on quality of life, such as social housing.



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AMPERE Gestion

AMPERE Gestion is a wholly-owned subsidiary of Société Nationale Immobilière (Caisse des Dépôts Group) and has obtained accreditation to act as a portfolio management company from the French financial markets authority (*Autorité des marchés financiers – AMF*). After setting up two regulated investment vehicles dedicated to intermediate housing with combined total investment capacity of over €4 billion, it has now developed a complementary real estate investment offering.

For further information go to: www.amperegestion-groupesni.fr

Adoma

Adoma provides accommodation and shelter for people encountering economic difficulties and exclusion who are unable to get access to conventional housing. It houses 76,000 people all over France in 400 social housing developments, 167 sheltered housing facilities, 192 refugee facilities, 34 boarding houses, accommodation centres, and emergency shelters. Adoma is a vector for social integration through housing and its initiatives help support national or local housing policies. It is supported by a team of 2,573 employees.

For further information go to: www.adoma.fr

SNI Group

SNI Group is Caisse des Dépôts' public interest real estate subsidiary and France's biggest social landlord with a portfolio of 348,000 units of housing throughout France, including 262,000 units of social and low-cost social housing, and 86,000 units of intermediate housing. The Group serves the entire rental market and invests in promoting upwardly-mobile residential trajectories and home ownership.

For further information go to: www.groupesni.fr et [@groupesni](https://twitter.com/groupesni)