

# Foyer Central Social Impact Bond

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Annual Investor Report  
Period ending 30 September 2022  
Issued December 2022





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# Foreword

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Dear Investor,

Social Ventures Australia is pleased to present the first Foyer Central Social Impact Bond (**Foyer Central SIB**) Investor Report.

Since the Foyer Central SIB commenced in March 2021, the Foyer Central Program has enrolled 64 young people assessed as at risk of homelessness who have a lived experience in out-of-home care. 15 participants have subsequently exited Foyer Central and commenced their 12-month measurement period.

Covid-19 lockdowns caused challenges for the Program in 2021, including slower enrolments and lower engagement, but 2022 has seen a significant boost in enrolment numbers, with the Program operating at close to capacity. Participant engagement with Foyer Central's support services has also increased.

Uniting has continued to refine the Foyer Central Program, with a strong emphasis on building a trauma-informed approach into the practice framework as well as implementing strategies to better support First Nations young people engaging with the Program, representing over one third of participants.

We trust that the stories and information shared in this report will provide useful insights into the Foyer Central journey to date. Thank you for supporting a program which we believe will help young people make a successful transition to independence, and ultimately help break the cycle of homelessness and disadvantage they would likely otherwise experience.

Kind regards,



**Elyse Sainty**

Director, Impact Investing,  
Social Ventures Australia



*"Uniting is proud of the role we have played in working with our partners to deliver the Foyer Central model to young people over the past 12 months. Foyers play a critical role in reducing the number of young people cycling through homelessness and increasing the number of young people completing educational qualifications, enabling them to be meaningfully and productively employed."*

*This year has seen our team focus on building strong leadership and staff culture and ensuring an appropriate mix of young people live in Foyer Central, whilst remaining flexible in how we support young people. Clear governance and avenues for effective collaboration have supported the program and our achievements.*

*As Foyer Central enters its second year of operation, we will work hard to continue to expand our program reach, increase our investment in our staff and partner network, and ensure young people continue to grow their agency as we build our Foyer Central community.*

*As we execute Uniting's 10-year strategy of disrupting entrenched disadvantage and supporting those in our community who experience social and economic exclusion, we are so proud of Foyer Central and hopeful for the lives it will help to shape to full potential.*

*Lastly we thank our key partners in this important project, SGCH, SVA, City of Sydney and the NSW Government."*

**Heather Watson, Chairperson, Uniting NSW.ACT**

# Foyer Central SIB Overview

The Foyer Central SIB funds the delivery of the Foyer Central Program, which is delivered by Uniting NSW.ACT and SGCH in partnership with the New South Wales Department for Communities and Justice (**the Department**). The Australian Government is supporting the Program through the provision of outcomes data and outcomes-linked funding to the Department. The Foyer Central SIB has a term of approximately 8.75 years and utilises \$7 million of investor capital.

## Foyer Central Program

Foyer Central was developed by Uniting and SGCH, drawing on their collective experience supporting vulnerable young people and providing social and affordable housing. The Program was developed in consultation with the Brotherhood of St Laurence, which delivers the Education First Youth Foyers in Victoria, and builds upon the extensive Foyer evidence base created by the delivery of Foyer models around the world over the past thirty years.

The Foyer Central Program is centred on a purpose-built facility that comprises 53 studio-style units, located three kilometres from the Sydney central business district. Each unit has a kitchenette and private bathroom, and access to welcoming common areas. Uniting staff also have on-site office space.

The Foyer Central Program aims to build the capabilities of young people and their capacity to access resources and opportunities, and to make positive decisions so they can lead fulfilling lives and make a successful transition to independence - and ultimately break the cycle of homelessness. Foyer Central participants are expected to spend an average of 18 months (and up to two years) as a Foyer Central resident and will then be supported to transition to stable long term accommodation. Key elements of the Program include:

**Figure 1 Foyer Central elements**

<b>The 'Foyer Deal'</b>	An agreement between a young person and Uniting whereby Uniting provides stable and safe accommodation and tailored support in return for the young person's engagement in training, education and/or employment.
<b>Stable accommodation</b>	Each participant is provided with a studio apartment for up to two years and enters into a tenancy agreement with SGCH. Participants pay a low rent commensurate with their ability to contribute.
<b>Tailored support services</b>	Each participant has a dedicated Youth Development Coach who is responsible for providing strengths-based case management support, access to support services and one-on-one coaching sessions.
<b>Advantaged Thinking</b>	The Program is grounded in the concept of 'Advantaged Thinking', which is focused on identifying, developing and investing in the skills, capabilities and assets of young people so that they can establish good lives for themselves.
<b>Trauma informed care</b>	Trauma informed care is woven into the Advantaged Thinking approach by recognising that young people's thought patterns, emotions and actions can be coping strategies developed as a result of lifelong trauma. Consistent relationships and a safe and predictable environment provided by the Program supports young people to build resilience and empower them to rebalance their coping strategies.

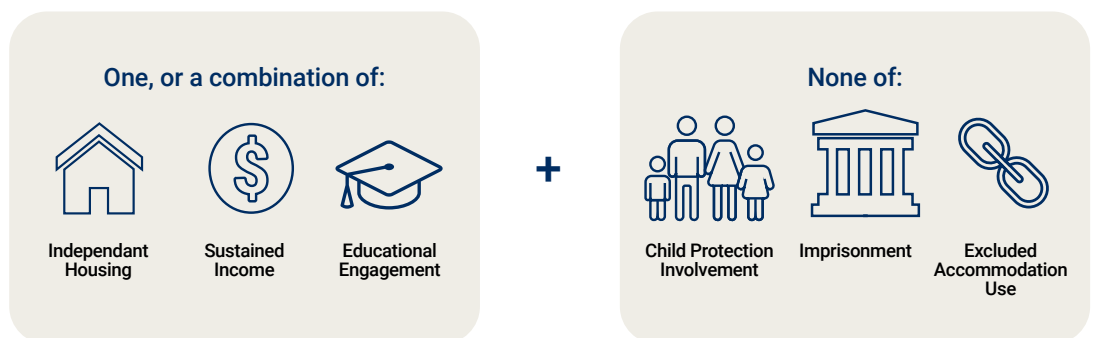
It was initially planned that around 272 young people would be supported by the Foyer Central Program. Each Enrolled individual will be aged 18 to 22 years, have been in out-of-home care (OOHC) and exited care aged 14 to 18 years, be homeless or at risk of homelessness, and be assessed by Uniting as motivated, willing and able to commit to the Program.

## SIB overview

The Foyer Central SIB is underpinned by an outcomes-based contract between the Department and Uniting. Outcome payments will be made to Uniting by the Department based on the number of participants who achieve a Successful Outcomes. A Successful Outcome means that a participant:

- recorded no Negative Indicators during their Foyer Central tenancy and Measurement Period<sup>1</sup>; and
- achieved a Positive Indicator (or a combination of Positive Indicators) for a period that equates to at least 18 fortnights during their Measurement Period.

Figure 2 Successful Outcome overview



To fund Program delivery prior to the receipt of outcome-linked payments, Uniting borrowed \$7 million under a Loan Agreement with the Foyer Central SIB Trust<sup>2</sup>, which in turn raised capital from investors through the issue of Notes.



A Foyer Central site visit by the SGCH team

1. The Measurement Period is the 12 month period commencing on the day an individual moves out of Foyer Central accommodation.  
 2. The Foyer Central SIB Trust (being SVA Nominees Pty Ltd as the trustee of the Foyer Central SIB Trust) is the issuer of the Foyer Central SIB, and is managed by Social Ventures Australia Limited.

## Investor returns

Noteholders will receive a 2% per annum fixed Coupon Payment over the first 3 years of the bond, and variable Coupon Payments over the final 6 years that are determined by the Performance Band achieved. The proportion of principal repaid on maturity is also linked to the Performance Band achieved at that time.

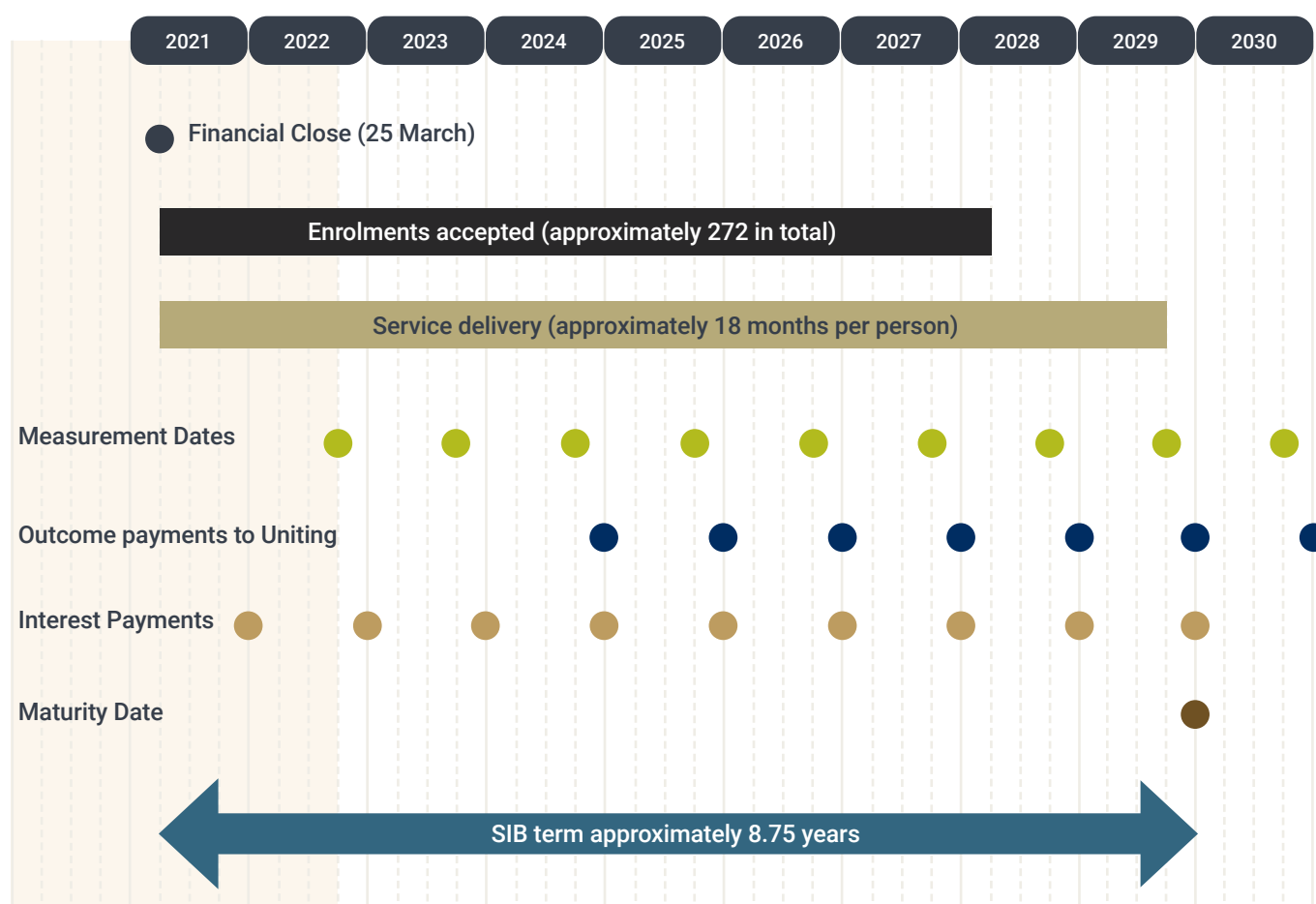
Under the assumptions set out in the [Foyer Central SIB Information Memorandum](#) dated 23 December 2020, investor returns vary with the level of Program performance as illustrated in Table 1.

**Table 1 Foyer Central SIB Noteholder returns under initial assumptions**

Scenario	Under-perform	Well Below	Below Target	Slightly Below	Target	Slightly Above	Above Target	Well Above
Performance Band	1	2	3	4	5	6	7	8
Success rate (with 272 participants) <sup>3</sup>	40%	45%	50%	55%	60%	65%	70%	75%
Interest rate	0%	0%	1%	4%	6%	8%	10%	11%
Principal returned	55%	65%	100%	100%	100%	100%	100%	100%
IRR (% per annum)	-5.8%	-4.0%	1.0%	4.0%	5.9%	7.8%	9.6%	10.4%

## Timeline

**Figure 3 Foyer Central SIB timeline**



<sup>3</sup> The number of Successful Outcomes is determined by both the number of participants enrolled and the proportion of enrolments who have a Successful Outcome.

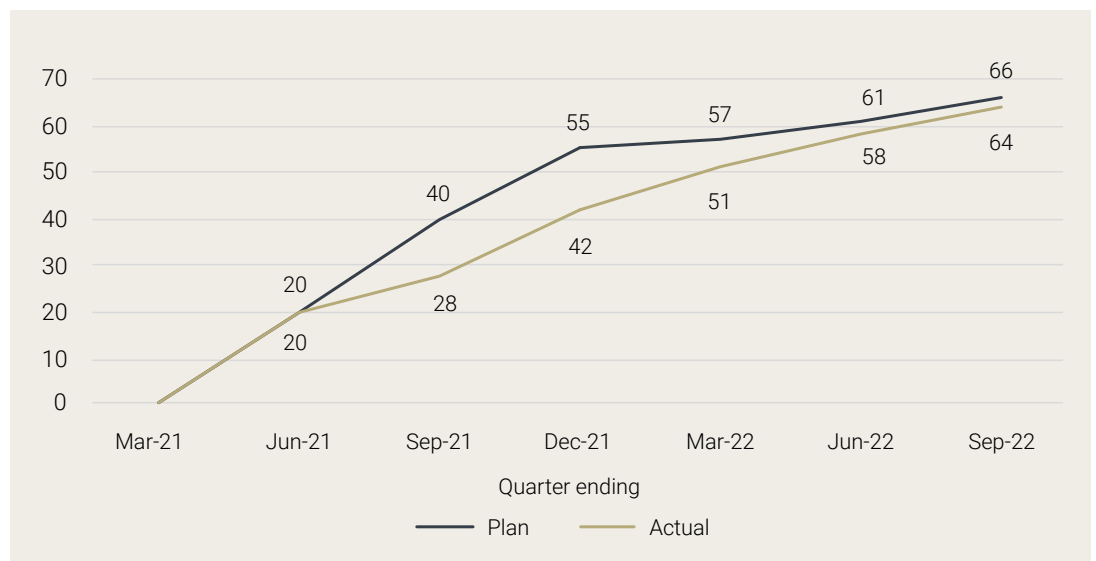
# Program Update

## Enrolments

210 young people were referred to the Foyer Central Program during the first 1.5 years of operations. Of those referred and assessed as eligible, **64 were enrolled in the Program** and moved into Foyer Central, which is in line with plan (97%).

Covid-19 restrictions in 2021 had an impact on referral numbers and enrolments. Uniting and the Department undertook a range of activities to build up the volume of referrals, and the Program was close to capacity by June 2022.

**Figure 4 Cumulative enrolments**



The average time it took from a young person's expression of interest to enrolment in the Program was 22 days.

95% of enrolled young people were referred to Foyer Central by non-government referral partners (including specialist homelessness services, community housing providers, after care services and youth specific services). The remaining 5% were transitioning out of OOHHC at the time of referral and were referred by the Department.



Foyer Central youth development coaches alongside participants showing their new TAFE credentials

### Lily's Story <sup>4</sup>

Lily is a 20-year-old young person from a Vietnamese background. She moved into Foyer Central in July 2020. Lily entered the OOHC system at 12 years of age. Lily was placed in a long-term kinship placement with her grandparents.

Lily moved into Foyer Central working three jobs to support herself whilst studying a Bachelor of Midwifery. Lily had been residing in a private rental which she described as being unsafe and unsuitable for her needs. She was unable to afford any alternatives and she was unable to focus on her studies.

Once Lily moved into Foyer Central she was able to focus on her studies, which she is passionate about, and she was successful in commencing work as a Midwifery Assistant at a local hospital. With secure and safe accommodation, Lily was able to stop working the three jobs previously required to support herself whilst studying.

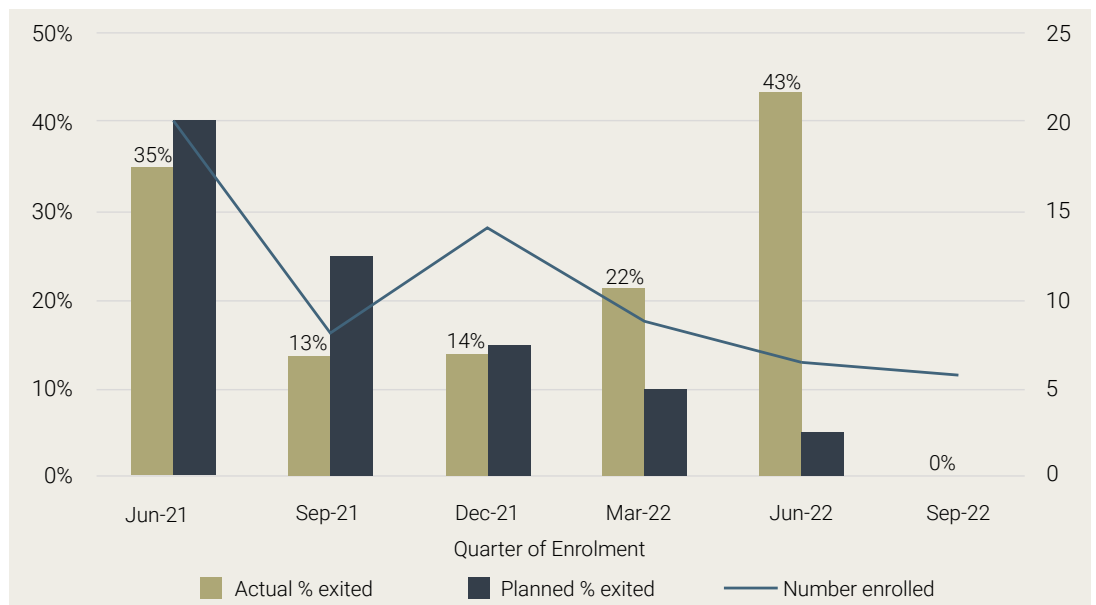
Lily was also assisted with applying for a scholarship with The Sisters of Charity, an organisation that provides university scholarships for young people with a lived history of OOHC. Lily is receiving financial support over a three-year period of study.

Lily is currently in the last year of her degree and is now working with her youth development coach on her transition to independence. Lily's goal is to finish her degree in November 2022 and secure fulltime employment as a midwife for a year, at which point she would like to return to study and complete an Honours degree. Lily's planning includes seeking an independent rental opportunity in the new year and she has been working with her youth development coach to identify suitable areas and complete budgeting exercises to establish affordability.

## Exits

At 30 September 2022, 15 young people had exited Foyer Central and commenced their 12-month Measurement Period. This is broadly in line with the number expected, however all exits to date have been considered by Foyer Central staff to be 'unplanned'. Earlier enrolments have tended to stay at Foyer Central slightly longer than initially anticipated, while more recent entrants have left more quickly than anticipated. It is expected by Uniting that young people who were living at Foyer Central during the Covid-19 lockdown in 2021 may stay longer than originally planned due to the impact of the lockdown on their mental health and wellbeing. It should be noted that the number of individuals enrolled in each quarter is small, and exit rates are thus volatile.

**Figure 5 Proportion of participants who have Exited**



4. Participants have agreed to share their story and their names have been changed to protect their privacy.



The reasons for exits include the young person: withdrawing from the Program (53%), not meeting the Program’s requirements (27%), not meeting their tenancy requirements (13%) and being incarcerated (7%).

The average stay at Foyer Central is 8 months for the young people that have exited the Program to date, while the average tenure of active participants is 11 months. It is anticipated that the average stay per young person will be around 18 months.

## Engagement

Participants have access to a broad range of support services during their time at Foyer Central. These are summarised in the table below.

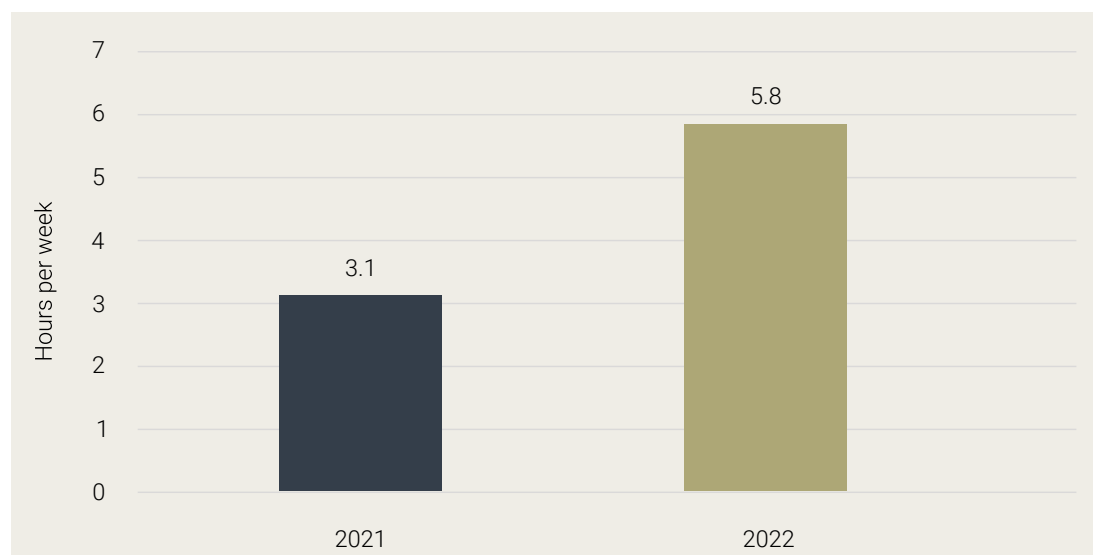
**Figure 6 Foyer Central Program support services**



Each participant has engaged with these support services for an average of 4.8 hours per week, with the majority of time (62%) being spent engaging with education support services, and a further 27% relating to accommodation.

There has been an increase in engagement with support services in 2022, following the ramp-up of the Program and managing the impact of Covid-19 restrictions in 2021.

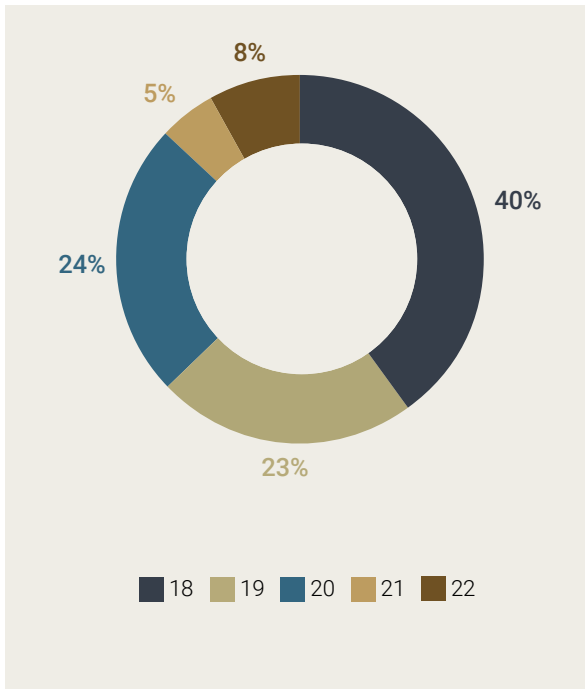
**Figure 7 Average hours per week per participant engaging with support services**



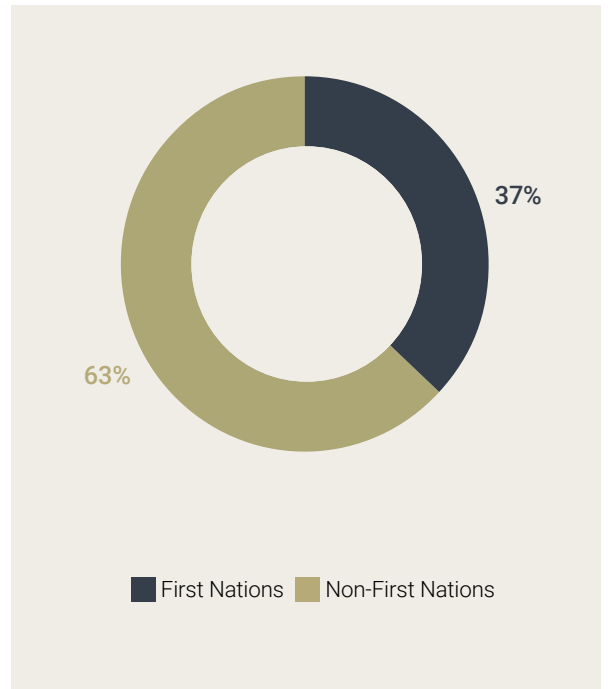
# Participant profile

The following charts illustrate some characteristics of Foyer Central participants.

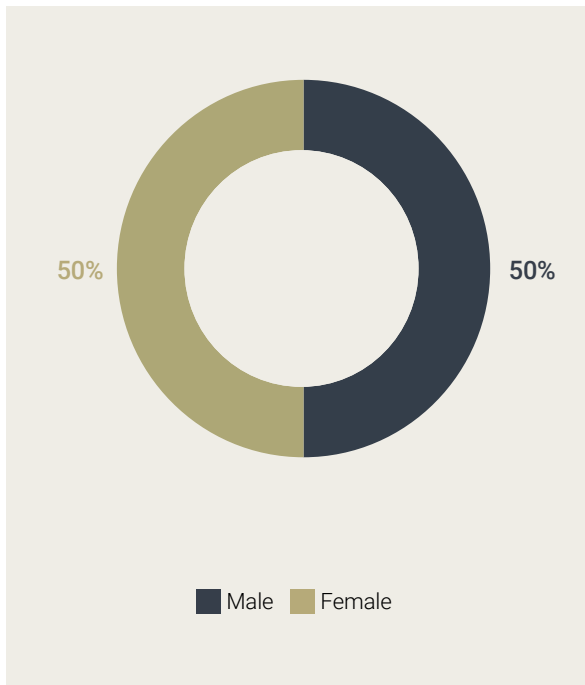
**Figure 8 Age at enrolment**



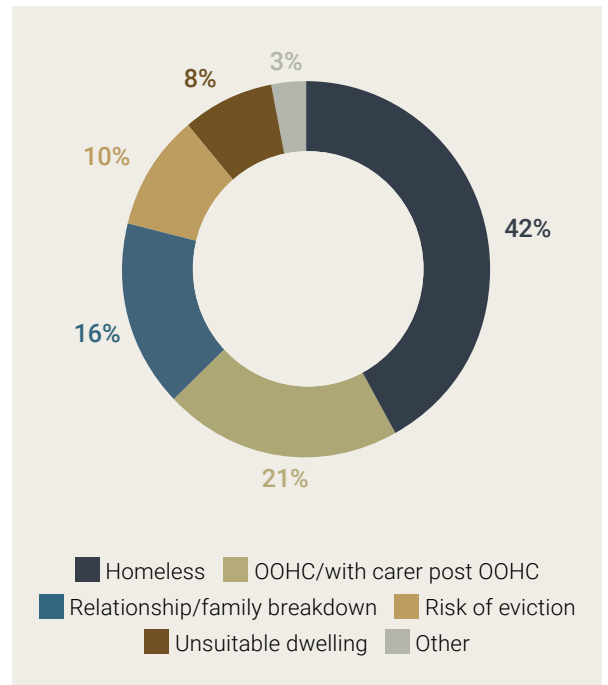
**Figure 9 First Nations**



**Figure 10 Gender**



**Figure 11 Accommodation prior to Foyer Central**



### **Harry's Story<sup>5</sup>**

Harry is a 20-year-old young person who moved into Foyer Central in April 2021 after experiencing a long period of traumatic and unpredictable living arrangements. Harry was first placed in OOHC at the age of 13. Initially, he was placed in a kinship placement with an aunt but he then found himself moving through a range of homelessness services.

Harry returned to live with his father at the age of 17, which only lasted six months. Harry then moved onto the streets as he had no other housing options and did not know where to seek support.

Harry found himself associating with a group of young people who were homeless and committing petty crimes to support themselves. During this time, Harry was sleeping rough and occasionally on trains at night as a way of keeping warm and feeling safer.

Harry was assisted by a homeless youth program who found him emergency accommodation and were able to work with him on becoming 'Foyer ready'. Harry disassociated from the group he had been engaging with and focused on setting himself positive goals including finding employment as a priority.

Since being part of the Foyer Central community, Harry has set goals around engaging with mental health professionals, gained fulltime employment, and is working on budgeting and living skills. Harry is now working on his exit plan with his youth development coach and is focusing on saving money so he and his partner can apply for an independent rental property early in 2023.

## **Team and operations**

### **Youth development coaches**

All seven youth development coach roles are currently filled, including an identified Aboriginal and Torres Strait Islander position to better support participants who identify as First Nations.

Uniting has also made a number of other changes and additions to support Aboriginal and Torres Strait Islander young people, including:

- Adapting the Foyer Central enrolment application to make the language more culturally sensitive
- Establishing a young person-led Yarning Circle as part of the programming
- Continuing engagement with local Aboriginal organisations and initiatives

### **Trauma-informed practice**

Uniting has recognised a need to adopt trauma-informed practice as part of Foyer Central Program. A number of strategies have been implemented to achieve this, including:

- Developing and running trauma-informed practice workshops
- Free on-site counselling (both drug and alcohol counsellors and psychologists)
- Establishment of regular panels where youth development coaches can liaise with psychologists to reflect on practice strategies
- Wellbeing workshops for participants twice per week, with a focus on topics such as emotional regulation and stress tolerance
- Formal professional development provided by the Brotherhood of St Laurence annually to support ongoing upskilling of the Foyer Central team

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<sup>5</sup> Participants have agreed to share their story and their names have been changed to protect their privacy.

## Tenancy management

At 30 September 2022, 23 young people were in rental arrears. Foyer Central actively works to build participants' budgeting and independent living skills through coaching sessions and the TAFE life skills course, as many young people do not have these skills upon entry to the Program. The SGCH tenancy manager also works with participants to establish a repayment plan as soon as the participant falls into arrears. The expectation is that participants may experience some issues with rental payments in the early stages of their tenancy, but will be supported to develop the skills needed to manage their tenancy independently over the course of their time at Foyer Central.

### Jane's Story<sup>6</sup>

Jane is a 19-year-old Aboriginal woman from Wiradjuri country who has been living at Foyer Central since April 2021. Jane had a very strong sense of family and had never resided independently.

Jane was placed in OOHC at the age of 12 years old. Jane was fortunate enough to be placed into kinship care with her aunt who Jane describes as a tower of strength for her and her younger siblings during this time.

During the initial intake process with Jane, it was identified that from a very young age she had wanted to be in a position where she could help others with similar experiences to herself. When she moved into Foyer Central, Jane was about to commence a Bachelor of Social Work and was working part time at a fast-food outlet, which she did not enjoy.

Once settled into life at Foyer Central, Jane was able to identify several goals, which included seeking new employment opportunities, working on her time management skills and obtaining her driver's license. Jane was assisted with updating her resume and guided with applications for work. Jane was successful in an application and commenced working at a supermarket in July 2021.

Jane worked with her youth development coach on time management and support with her studies. This included help with her application for a scholarship offered by the Sisters of Charity, which is an organisation that financially assists participants with a lived experience of OOHC. Jane was successful in her application and will receive financial support over a three-year period whilst undertaking her study.

In recent months Jane was supported by Foyer staff to be considered for a role as a youth ambassador for the Foyer Foundation. Jane was successful and has had the opportunity to attend and co-host the Foyer Foundation conference this year. Since then, Jane has been offered opportunities to speak at various forums about social housing and the impact on Aboriginal families.

Jane is now starting to work on her exit plan from Foyer with her youth development coach and is seeking independent opportunities whilst she completes her study.

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6. Participants have agreed to share their story and their names have been changed to protect their privacy.



Sydney Lord Mayor, Clover Moore talking with Foyer Central participants

# Outcomes

## Successful Outcomes

The number of Cumulative Successful Outcomes required for each Performance Band increases over time in line with the number of Intervention Group members planned to have completed their Measurement Period. The lower boundary of each Performance Band at each Measurement Date is set out in Table 2.

**Table 2 Performance Band threshold at each Measurement Date**

Measurement Date	Performance Band							
	1	2	3	4	5	6	7	8
30 Sep 2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30 Sep 2023	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
30 Sep 2024	0	24	29	33	36	39	42	45
30 Sep 2025	0	37	44	50	55	60	64	69
30 Sep 2026	0	52	61	69	76	83	89	96
30 Sep 2027	0	67	78	89	98	106	115	123
30 Sep 2028	0	81	95	108	118	128	138	149
30 Sep 2029	0	96	112	127	139	151	163	175
30 Sep 2030	0	108	126	143	156	170	184	197

There are no applicable Performance Band thresholds at Measurement Date 1 (30 September 2022).

## Interim Indicators

Uniting will receive payments from the Department based upon two Interim Indicators, but payments under the Loan Agreement (and hence investor returns) are not linked to these measures.

### Occupancy rate

The average occupancy rate is a measure of Uniting's ability to enrol and engage Foyer Central participants. The average occupancy rate over the year to September 2022 was 84%<sup>7</sup>, which is slightly lower than plan (94%). This is primarily due to the impact of Covid-19 restrictions on referrals and enrolments in the second half of 2021, as discussed above.

### Course completion rate

The course completion rate is a measure of Uniting's ability to support Foyer Central participants engaging in formal development of their life skills. This is an early indicator of a participant demonstrating commitment to meeting their long-term goals. The course completion rate<sup>8</sup> at Measurement Date 1 was 76%<sup>9</sup>, which is slightly lower than plan (85%).

7. This result is provisional only.

8. Determined in respect of participants who have been in Foyer Central for at least 3 months.

9. This result is provisional only.



A Foyer Central participant

# Financial Report

## Interest Payment

Under the terms of the Loan Agreement Uniting will make 9 Interest Payments to the Foyer Central SIB Trust, on or about 31 December each year from 2021 to 2029. The Interest Payments are calculated as at each Interest Payment Date as follows:

$$\text{Interest Payment} = P \times r \times n - A$$

Where:

- **P** is the total principal under the Loan Agreement (\$7 million).
- **n** is the number of the Interest Payment. For Interest Payment 2, n is equal to 2.
- **A** is the aggregate of the Interest Payments made in respect of all previous Interest Payment Dates. For Interest Payment 2, **A** is equal to \$140,000.
- **r** is the Interest Rate, being:
  - for Interest Payments 1 to 3, 2%;
  - for Interest Payments 4 to 9, a rate determined with reference to the Performance Band.

Accordingly, the Interest Payment from Uniting in respect of Interest Payment Date 2 will be \$140,000<sup>10</sup>, or 2% of the principal.

## Coupon payment

Investor coupon payments are made following receipt of the Interest Payment from Uniting. Noteholders receive a coupon payment representing their pro-rata share of the Interest Payment received from Uniting.

The coupon payment in respect of Interest Payment 2 will be paid on or about 31 December 2022.

## Early termination

If the Foyer Central SIB Implementation Agreement were to terminate prior to 31 December 2023, under the terms of the Loan Agreement investors would be repaid the following proportions of their principal based on the reason for early repayment:

Reason for termination	Proportion of principal repayable
<ul style="list-style-type: none"><li>● 'No fault' scenario (including but not limited to) force majeure; or</li><li>● Terminated by the Department for convenience; or</li><li>● Terminated by Uniting for cause.</li></ul>	100%
Terminated by the Department for cause	85%
Terminated for poor performance or low enrolments <sup>11</sup>	55%

10.  $\$7,000,000 \times 2\% \times 2 = \$140,000$

11. Termination could potentially arise if, as at Measurement Date 2, the average of the Interim Indicators is less than 72.5%, or the total number of enrolments is 84 or less, and the parties are unable to agree on terms to continue, including any changes to address the poor performance and/or low enrolments.



# Disclaimer and Confidentiality

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This document has been prepared by Social Ventures Australia Limited (ACN 100 487 572), (**SVA**) as the Manager of the Foyer Central SIB Trust. Please refer to the Information Memorandum, SIB Deed Poll and Purchase Deed for the Foyer Central Social Impact Bond dated 23 December 2020 for information on structure and terms. The information contained herein should be considered as indicative only and does not purport to contain all the information that any recipient may desire. SVA does not provide financial advice and recipients should seek independent financial advice. Further, statements in this report are not intended to be tax advice and investors should consult a professional tax adviser, if necessary, for tax advice required in connection with completion of tax returns.

Investors should note that past performance of the Foyer Central Program should not be treated as an indication of future performance. This document and all the information contained in it must not be disclosed to any person or replicated in any form without the prior written consent of SVA Nominees Pty Ltd (ACN 616 235 753) in its capacity as trustee of the Foyer Central SIB Trust.

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Cover photo: Young people painting the mural at Foyer Central



Paula Thum, the Foyer Central Program Manager

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