Bridging Faith and Community: A Case Study on the Impact of a Muslim Charity's Housing Fund on Reducing Homelessness in the UK

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Abstract

This case study examines how the Housing Fund project of the National Zakat Foundation (NZF), a London-based Muslim charity, has impacted vulnerable people in the United Kingdom and reduced homelessness. NZF has assisted those in need with housing, among other needs, by mobilizing and distributing zakat. The NZF housing fund has moved thousands out of homelessness by resolving rent arrears and council tax arrears, essential household items, and moving-in grants. The economic impact is substantial, with every £1 of zakat yielding a £73 return in societal benefits, primarily through reduced homelessness-related costs. Using a qualitative approach, the study descriptively analyzes the economic and social benefits of NZF's interventions by reviewing empirical and conceptual data and comparing it with statistical evidence from government documents and reports of pertinent organizations. The study highlights the critical role of faith-based organizations in complementing governmental efforts and recommends improved disaster preparedness and support systems for the underprivileged.

Keywords: *Islamic charity, Homelessness, Housing fund, United Kingdom*

Introduction

The housing situation, particularly for those with lower and middle incomes, has deteriorated globally. The housing shortage is affecting both natives and immigrants. Lack of consistent access to convenient housing is hindering immigrants' integration opportunities and creating competition between natives and immigrants, thereby damping the welcoming spirit and fueling antiimmigrant fervor as nations around the world struggle with rising rates of displacement (Benedicta, Lindsey, & Selena, 2024). This study contextualizes homelessness and how it poses significant economic and social obstacles and makes a dent of about £1.1 billion annually in the UK economy (Bramley et al., 2021). To combat issues of resource constraints and reduce the number of aggrieved and affected, charitable organizations like the National Zakat Foundation (NZF) ensure the provision of financial aid to curb homelessness and arrange sustainable housing for vulnerable populations. The present study aims to assess these programs' overall effectiveness and impact.

Homelessness plagues countries across the world. The National Low Income Housing Coalition (2018) reports a 7.2 million affordable housing deficit in the United States. A recent analysis of 77 major German cities found a 1.9 million affordable apartment deficit (World Economic Forum, 2019). From 2017 to 2022, more than one million people in Germany experienced eviction, and more than 15 million were constantly threatened by being forced to leave their homes. Fifty-nine percent of individuals who were evicted in 2021 are still waiting to be relocated or receive compensation (McRae, 2022).

Global documents and charters like the 1948 Universal Declaration of Human Rights and the 1966 International Covenant of Economic, Social, and Cultural Rights acknowledge the right to appropriate housing as a component of the human right to an acceptable standard of living. Many displaced persons and others experience xenophobia, stigmatization, and marginalization from their host communities. These complications may include being denied housing or paying astronomically high prices (Benedicta, Lindsey, & Selena, 2024).

Globally, the insufficiency of decent accommodation or nonexistent housing has become a critical situation. The 2017 United Nations Population Fund estimates that the global population will surpass 6.1 billion in 2001 and rise to 7.9 billion or possibly 10.9 billion by 2050 (Leong et al., 2018). The sheer volume alone puts great pressure on builders to upgrade current structures and build new ones to meet the rising demand. Globally, as the world's population rises, rural areas are being deserted and megacities are springing up and are typically disorganized areas surrounding a more systematically established, well-regulated center. Squatter settlements made up about 52% of all housing in Caracas, Venezuela, as of 1996 (the most recent data available), according to the advocacy group Population Action International (based in Washington, D.C.), in Dar es Salaam, Tanzania, the percentage was 49% and in Karachi, Pakistan, it was 40% (Brown, 2003).

Human health is determined by housing conditions in a variety of ways. The most fundamental requirements for safe food preparation and storage, clean water, and sanitation can be compromised by substandard housing, which can hasten the spread of infectious diseases, airborne contamination, and foodborne plague. Respiratory diseases can also result from other issues, including improper temperature, which can lead to poor air quality and humidity control. Overcrowding poses risks to people's physical and mental health. Furthermore, residing in nonresidential areas like industrial sites exposes people to hazardous substances such as toxic chemicals that have negative impacts on health, both immediately and long term (Brown, 2003). Displaced people in both developed and developing nations are drawn to industrial sites in part because they may be able to pilfer building supplies and connect to water and electric utilities.

The UN Special Rapporteur on the right to adequate housing estimates that by 2030, it could rise to three billion. In the majority of the Organization for Economic Cooperation and Development's member countries, house values have astronomically skyrocketed more quickly over the past ten years than the income of earners (Organization for Economic Cooperation and Development, 2022).

As of October 2023, approximately 110 million people had been forcibly relocated to other places, either internally or externally. While housing is especially scarce in high-income nations, the majority of those in need of international protection reside in low- and middle-income countries that are close to their country of origin. According to the UN High Commissioner for Refugees (UNHCR), most displaced people, asylum seekers, and returnees in many countries did not have access to decent and affordable accommodation as of 2022 (UNHCR, 2023). Therefore, governments of both developed and developing nations are now formulating plans to combat the pandemic. The problem of the poor and needy having unabated access to or owning adequate housing is on the rise despite government interventions through a variety of support and policy implementations (Cheah et al., 2017; Rashid et al., 2015; Rashid et al., 2018).

The current study focuses on the United Kingdom, where the problem of homelessness is getting worse. If the government does not act quickly, an estimated 300,000 households may lose their homes within the next year. Compared to Scotland and Wales, England has significantly higher rates of the most severe types of homelessness, making the situation there especially terrible (Fitzpatrick, 2022). Non-governmental organizations, especially faith-based organizations, have looked at the housing problem as an area of investment and have developed so as to complement government initiatives in various spheres of human lives. NZF has been especially instrumental in its efforts to reduce homelessness and its endeavor in the form of the Housing Fund needs to be assessed in terms of the societal impact it has generated. To fulfill the goals of this study, qualitative methodology was chosen as the ideal way to descriptively analyze the Housing

Fund numerical data related to specific actions and ascertain the effectiveness of the interventions.

To ensure purposeful and goal-oriented research, the following objectives were chosen for this study.

- Evaluate the performance of the National Zakat Foundation's Housing Fund in supporting beneficiaries in dire need of affordable housing in the United Kingdom.
- Explore how faith-based organizations, particularly Islamic philanthropic groups, improve the standard of living for those in extreme need.
- Offer insights and recommendations on how to maximize the Housing Fund's sustainability and its impact on stakeholders and policymakers.

This study is of great significance as it provides information to stakeholders, philanthropic organizations, and policymakers regarding the efficacy of the Housing Fund established by the National Zakat Foundation in addressing housing needs among vulnerable groups in the United Kingdom. If they have a better understanding of how the Housing Fund affects the lives of its beneficiaries, donors might invest more resources to achieve inclusivity and improve beneficiary outcomes. Additionally, by emphasizing the function of zakat in fostering socioeconomic empowerment and community resilience, this study adds to the larger conversation on sustainable development goals, poverty reduction, and social welfare programs.

Literature Review

The Arabic word "zakat" has two meanings: linguistic and technical. Zakat can mean growth, increase, blessing, purification, or righteousness. When used in the context of Shari'ah, zakat refers to a certain amount of defined wealth channeled to designated beneficiaries within a timeframe (hawl) predetermined by Shari'ah (Salim, 2010).

It is noteworthy that a connection exists between the technical (Shari'ah) meaning of zakat and its literal application. An increase implies growth in the wealth from which zakat is paid. Through blessing and cleansing, it elevates the payer's position in the eyes of the Almighty Allah by bringing Allah's blessing on the remaining wealth from which zakat is paid. Zakat not only purifies the payer's possessions but also cleanses his soul of greed and selfishness.

In addition to being a pillar of Islam and an economic tool, zakat also helps communities become more resilient to natural calamities. The primary objective of zakat is to give the poor a stable means of subsistence so they can stop being needy and poor, in addition to relieving their suffering temporarily or long-term (Hassan, 2010; Dhar, 2013). Furthermore, the connection between poverty and exposure to natural disasters indicates that the vulnerability of the poor and the need to increase disaster resilience need special attention (Wahid, 2017). According to Akter and Mallick (2013), encouraging everyone in

society to be well-prepared to resist calamities and to foresee things better is the prime objective of building resilience. Furthermore, structural (technical and physical) and nonstructural (diagnostic, regulatory, and institutional) strategies are two components of disaster risk reduction and management (FAO, 2013).

According to Mutisya and Yarime (2011), thousands of people live in poor communities in informal houses that do not provide a safe and healthy environment, even for livestock. As a result, zakat can be used to fund the construction of housing that complies with environmental standards and is resilient to the conditions that these people face, while also considering cultural and social values.

Concept of Human Security

The notion of human security pertains to the safeguarding and preservation of the essential liberties that constitute life itself, as well as enabling people and groups to live with honor, dignity, and freedom from fear, want, and humiliation. Human security is made up of a wide range of factors, such as physical defense against conflict, violence, and natural disasters. Economic security includes social services, a guarantee of income, and access to resources. Environmental safety includes access to natural resources and protection against environmental deterioration. Health surety includes, for example, access to medical care and protection against disease. Individual freedom encompasses protection against mistreatment, exploitation, and human rights violations. Community development, social inclusion, and social cohesion are all embodied in community security. Political security includes things like engaging in political processes, expressing oneself freely, and access to information (Commission on Human Security, 2003).

Human security is a people-centered program that concentrates on public plans or state security over the well-being and culture of people. It acknowledges that security is beyond more than just the absence of peace and tranquility; it's also about having balanced opportunities and access to the available resources to help people and communities prosper (Glasius, 2008).

Housing Funds

Housing funds, according to Law Insider dictionary, are financial resources set aside to help desirable homeowners make necessary improvements to their dwelling units. Additionally, it can help low-income households build, acquire, and maintain affordable housing. Usually, governments or other organizations create housing funds to provide a consistent flow of money for housing-related needs. This financial capital may come from several sources, including private donations, bank and insurance company investments, government appropriations, and other sources of income. The principal objectives of housing funds are to facilitate the provision of reasonably priced housing, guarantee a

steady flow of loans for housing needs, promote real estate development investment, and supply mortgage banks with long-term loans so they can re-lend to donors.

Housing Deficit

According to Behr and others (2021), a housing deficit occurs when there is a shortfall of decent housing in a community to accommodate everyone who wants to live there. It is made up of the following two major parts.

- **Quantitative housing deficit:** Also known as housing backlog, this deficit is the actual number of unfilled housing units. The difference between the number of households and the number of available homes is how it is typically measured.
- **Qualitative housing deficit:** This deficit is the number of households living in subpar housing, as determined by the standard and condition of housing units as well as the availability of essential services, including houses lacking the necessary amenities to be livable. Supply and demand in economics dictate how much housing is needed. A housing shortage happens when supply cannot keep up with demand.

Overcrowding, development of slums, excessive rents, and challenges of affordability for first-time homebuyers are the results of housing shortages. Targeted actions are needed to boost the supply of suitable and reasonably priced housing to address the housing gap (Umoh, 2023). Serious housing demand and need have resulted from the aforementioned factors. Although the term "housing need" has no authoritative definition, it might be defined as the quantity of housing needed for every household to reside in housing that satisfies a particular normative criterion.

Concept of Muslim Humanitarianism

Muslim humanitarianism is a difficult and multifaceted phenomenon that has been viewed by different historical, cultural, and religious factors. According to Marie Juul Petersen in her doctoral thesis, "For Humanity or for the Umma: Aid and Islam in Transnational Muslim NGOs" (2015), Muslim humanitarianism is motivated by a sense of obligation toward the umma (global Muslim community) and is usually correlated with political and religious ideologies (Petersen, 2015). According to Mamoun Abuarqub and Isabel Phillips (2017) in *A Brief History of Humanitarianism in the Muslim World*, Muslim humanitarianism is a very broad concept that encompasses traditional forms of charity with which modern humanitarian aid is more often associated and also more holistic interactions between human beings and indeed all creatures. In contrast, Muslim humanitarianism is perceived as a unique strategy for humanitarian assistance that is firmly based on Islamic teachings and principles that seek to promote human dignity, justice, and self-sufficiency in vulnerable communities around the world. Both works have emphasized the unique features of Muslim humanitarianism, including its emphasis on solidarity with the umma,

the importance of zakat (obligatory charitable giving) and sadaqad (voluntary charity), and the role of Islamic ethics and values in guiding humanitarian actions.

Faith-Based Humanitarian Action and Faith-Based Philanthropy

The term faith-based humanitarian action describes the humanitarian assistance of religious communities and organizations motivated by their religious beliefs and teachings to assist and support those in distress. Such programs frequently are meant to reduce poverty, improve healthcare, support education and scholarship, and offer disaster assistance. Faith-based organizations (FBOs) are popularly known for their broad activities and connections, local knowledge, familiarity with the people, and prompt mobilization of resources and volunteers. They can provide efficient and successful relief because they frequently have strong relationships in the areas they serve. World Vision, Catholic Relief Services, and Islamic Relief are a few examples (Khafagy, 2020).

Faith-based philanthropy refers to benevolent activities and the offering of free services motivated by moral principles and religious beliefs. Both individuals and religious institutions can participate in such charities, which finance projects for community development, social services for welfare, healthcare support, and educational programs for improving scholarship. Religious institutions, for different reasons, frequently play a vital role in resource mobilization and influencing the generosity of their members. Faith-based philanthropy is not exclusive to particular religions and can be observed in different contexts and religious teachings. As a reflection of the main doctrine of many religious ideologies, it emphasizes the moral and ethical imperative to support others voluntarily (Larson, 2022).

Role of Faith-Based Organizations in Tackling Housing Deficit: Zakat Wealth for Housing Fund

The Divine Charter makes it vividly clear in verse 60 of the Suratul Taubah where zakat wealth is to be sent. The passage makes no explicit reference to housing buildings. Therefore, it is questionable whether to use zakat's wealth for housing purposes. The following discussion comprises the legal basis of the zakat housing fund.

The Majma al Fiqh al Islami has determined that it is acceptable to use zakat funds to finance socioeconomic infrastructure projects, such as the construction of affordable housing if the following requirements are met.

- An investment may be made as long as there is no longer a need for zakat funds to be allocated for necessities, as long as the funds are used for Shari'ah-compliant activities.

- As long as the investment is guaranteed so that zakat owns both the principal and any potential profits.
- As long as the investment can be quickly liquidated to address urgent issues involving the asnafs.
- As long as a thorough feasibility study is needed, and as long as the investment is authorized by the ruling authority (Rashid et al., 2015; Sarkawi, 2018).

Homelessness in the United Kingdom: A Brief Overview

Abraham Maslow's hierarchy of needs states that clothing, food, and shelter are essential physiological demands that, if not met, could endanger a man's life. It is therefore impossible to survive without these necessities. Lack of shelter can hurt functional performance by raising stress levels and affecting manners. However, not only is there a dearth of housing but it is also of poor quality and high cost. A good place to live is essential for everyone. This knowledge, together with other considerations, led the government of the United Kingdom to create a ministry in charge of housing nationwide (Government of UK, 2021). The Ministry of Housing, Communities and Local Government (MHCLG) was founded to achieve several objectives, including providing housing, aiding those in danger, and guaranteeing the transformational growth of local councils. The group creates and oversees smart home initiatives. It examines where, how, and how much corporate strategic planning procedures can change housing regulations (Balchin & Rhoden, 2019). In comparison to other OECD nations, the United Kingdom has experienced the fastest growth in real property prices over the past 40 years, but not in real earnings. This has led to the emergence of a true housing affordability crisis, often known as the Housing Crisis, which is especially acute in the Greater London area. The current affordability level in London is the lowest since statistics became accessible, with median housing prices between 10 to 16 times medium wages (Hilber, 2015).

In the United Kingdom, the picture looks bleak, as homelessness continues to worsen. Several factors, such as rising living expenses, growing rental rates, and the removal of emergency protocols implemented during the pandemic, are causing this increase in homelessness. The UK government's housing benefit freeze, which is based on antiquated rent levels for 2018–2019, is not keeping up with the pressures of increasingly expensive rent and a more comprehensive cost of living.

Another significant problem is the scarcity of affordable homes. In England, just 12% of the 312,810 affordable homes constructed in the past five years were for social rent; in Scotland and Wales, the percentage was closer to 79% and 68%, respectively. Because of this, households in England are becoming more and more dependent on short-term lodging; in the past ten years, the number of B&B residents has quadrupled. Employment is significantly impacted by homelessness as well. Employers in the United Kingdom were

surveyed, and 42% said they would probably try to get an employee's contract terminated if they were homeless. In England, almost one in four homeless households have a working member, with the largest percentages seen in the East of England (25%) and London (24%) (Crisis, 2022).

Homelessness has been segregated into two types: statutory homelessness and hidden homelessness, as shown in the following table.

Table 1: A comprasion between Statuary and Hidden Homelesness

Statutory Homelessness	Hidden Homelessness
Statutory homelessness is the most rampant form of homelessness. It includes those individuals permitted to receive assistance from their local authority, mainly to prevent them from being set onto the path of homelessness.	Hidden homelessness includes those who fail to fulfill the eligibility criteria to receive local authority assistance and have to rely on woefully inadequate settings, such as sofa surfing, perennially living in hotels or hostels, or unlawfully occupying a residential space, known as squatting.
The rules around temporary housing criteria are inflexible. Only a few families (hailing from vulnerable groups and families) can meet the eligibility criteria.	The official figures around homelessness are not inclusive of those suffering from hidden homelessness, but makes considerable proportion goes unaccounted for.
Local authorities reportedly spent £1.74 billion on temporary accommodation between 2022 and 2023, an increase of 9% from the previous year.	According to the UK Homelessness Monitor (2023), a lack of comprehensive data on hidden homelessness describes the difficulty in ascertaining precise numbers. The cases of hidden homelessness embody a range of complexities, for example, escaping domestic violence or ineligibility (due to age) for statutory support.

One in 100 households in the United Kingdom are labeled as homeless. These figures, though, appear to be an underestimate. As Shelter reports, about 63% of homeless people are not included in the official statistics. Since 2012, the gap has continued to widen with an alarming increase in homelessness: By 2019, rough sleeping rose by 85% and impermanent and inadequate accommodations rose by 194%. Nearly 59,000 households across England and Wales were categorized as homeless by their local authority in the official government reports from 2015 to 2016 (Dawes, 2019). London has the highest level of homelessness in the United Kingdom where one in 52 people face housing insecurity.

Methodology

This study employed a qualitative approach by using descriptive analysis techniques to gauge the impact of the National Zakat Foundation's (NZF) interventions to reduce homelessness in the United Kingdom. Qualitative research is particularly suitable for this type of study because it allows a deep contextual understanding of complex social phenomena by providing rich and detailed information about the lived experiences of individuals and communities affected by homelessness (Denzin & Lincoln, 2011).

Data collection involved content analysis of NZF reports and evaluations, semi-structured interviews, and case studies. Content analysis systematically examined documents for patterns and themes (see Neuendorf, 2002, for protocol). Semi-structured interviews provided in-depth insights from beneficiaries (see Kvale & Brinkmann, 2009), while case studies offered a holistic view of NZF's impact (see Yin, 2018).Data were analyzed using descriptive and thematic analysis to identify significant patterns (see Sandelowski, 2000; Braun & Clarke, 2006). Triangulation, which uses multiple data sources, ensured the reliability and validity of our findings (see Patton, 1999). Narrative analysis helped us interpret beneficiaries' stories and understand their experiences (see Riessman, 2008). This comprehensive qualitative approach provided a detailed assessment of NZF's interventions and their impact on addressing homelessness in the United Kingdom.

Through an in-depth examination of available data on fund disbursements and beneficiaries, the current study contextualized the economic and social impact of the housing assistance initiative. Description of the numerical data (numerical data is analyzed descriptively instead of statistically to meaningfully analyze zakat disbursement, the number of people who benefitted, and its financial impact) helped us comprehend broader implementations and their implications, thus contributing to impact assessments of interventions needed to provide housing.

National Zakat Foundation

NZF is one of the leading Muslim faith-based organizations operating in the United Kingdom. It was established in 2011 in the United Kingdom as a charitable organization overseeing the accumulation and disbursement of zakat from eligible payers to beneficiaries. NZF is registered with the Charity Commission for England and Wales as a not-for-profit organization in England and Wales (1153719) and as a charitable company supported by guarantees and the approval of the government in England (08536743) (National Zakat Foundation, 2023).

In regard to the financial capacity of zakat and its potential for poverty reduction, a report issued by the World Bank claimed that the zakat system ensures the circulation

of annual wealth ranging from $600 billion to $1 trillion worldwide (https://www.undp.org/blog/zakat-sdgs). Hassan and Khan (2007) emphasized that zakat played a crucial role in wealth redistribution and social welfare, addressing income inequality and providing a safety net for the poor. Kahf (2006) also demonstrated zakat's effectiveness in reducing poverty and promoting economic stability in Muslim-majority countries. Additionally, the United Nations Development Programme (UNDP) discussed zakat's integration into the Sustainable Development Goals (SDGs), highlighting its potential to fund poverty eradication, health, and education initiatives (Alfiani & Akbar, 2020). The Islamic Development Bank (2015) showcased successful zakat implementations in Malaysia and Indonesia, emphasizing its role in poverty alleviation.

Another study on zakat in Bangladesh revealed that zakat can play a significant role in poverty reduction in the country if implemented fully. Empirical data from a survey of 85 zakat recipients in a transitional economy found that after receiving zakat, 44.71% reduced their poverty significantly and 42.35% reduced it moderately, meaning zakat reduced poverty for 87.06% of recipients (Abdullahi, 2022).

However, according to a study by Pratama (2023), research in Indonesia on the impact of zakat has not significantly reduced poverty even though 60% of zakat beneficiaries were poor and needy at the time of the study. This finding demonstrated the critical need for efficient zakat management and distribution plans to meet the overall goal of zakat.

Since the inception of the NZF in the United Kingdom in 2011, more than 21,000 people have benefitted from allocations of more than £25 million. Grants, which do not need to be repaid, are made mainly in cash, making NZF the largest distributor of direct cash grants in the United Kingdom.

Similarly, Australia's National Zakat Foundation's Crisis Accommodation program works to support Muslim people and families who are homeless or at risk of becoming so because of a variety of issues such as domestic abuse and violence or financial challenges. Canada's National Zakat Foundation's Assistance Program provides recipients with individualized support to help them connect with resources and advance toward self-sufficiency. Establishment of the Muslim Women's Zakat Fund in 2024 was another indication of NZF's dedication to ending homelessness and helping those in need, especially Muslim women who struggle with housing, work, healthcare, and education.

Managing Homelessness and National Zakat Foundation's Housing Assistance Program

The Homelessness Reduction Act 2017 mandated councils to intervene promptly to address housing insecurity and extend aid to those without a home or who were at the edge of being homeless. The government held local authorities

responsible for providing temporary accommodations to those classified as being homeless. UK local authorities spent *£1.74* billion from March 2022 to March 2023, an increase of 9% from the previous year.

In consideration of the growing homelessness crisis, NZF developed a leading initiative called the National Zakat Housing Fund. This fund is one of three provided by NZF, alongside the Hardship Relief Fund and the Work Fund. From an estimated total of £7 million zakat donations in 2023, 76% were allocated to the Hardship Relief Fund for emergency cash grants. NZF has affected thousands of people through its Housing Fund through payment of rent arrears, council tax arrears, emergency household items, and moving-in grants.

The disbursement of *£376,523* by NZF in 2022 to 2023 to applicants with rent arrears and at immediate risk of homelessness has rescued families and individuals from the streets or temporary accommodations. The economic cost of homelessness if those helped had subsequently been made homeless would be *£28.8 million* (calculated per person) or *£7.7 million* (calculated per household) per annum. Therefore, the overall value of this monetary assistance is huge, demonstrating a ratio of *£73 for every £1 of* zakat distributed through the UK Housing Fund.

In the United Kingdom, Muslims needing housing assistance usually apply for grants from the National Zakat Foundation (NZF), which is funded by zakat revenues. One of these grants is the "housing fund," which helps people pay for different housing-related costs to find safe and livable housing. The housing fund has played a pivotal role in meeting urgent housing needs and enhancing the quality of life for those who receive benefits in the United Kingdom and confront homelessness issues.

Within two years after its establishment, NZF's number of applications for housing assistance increased by 200%, exceeding the available supply.

The average housing assistance provided by the National Zakat Foundation to its clients is as follows: The Housing Fund of NZF typically awards grants of £1,000. To help Muslims find reasonably priced and habitable homes, this assistance can be used for moving expenses, rent arrears, and rent deposits.

Only homes with council housing associations, estate agents, or limited companies are eligible for rent and deposit support from NZF, and rent assistance is limited to the Local Housing Allowance (LHA) + 5%. The payment for moving in must be one month's rent in advance and one month's equivalent rent as a deposit. NZF provides grants to help clear outstanding rent owed on the beneficiary's current home. Recipients may still qualify for moving-in or rent/deposit grants, but will not be able to apply for an arrears grant for several years. To help clients retain their houses and move into other lodgings, NZF aids in relocation costs, arrears on the council tax, and rent and deposit support.

NZF provides housing assistance based on each applicant's specific requirements and circumstances; the average grant is approximately £1,000. Housing assistance is determined by NZF according to various parameters, as shown here.

- Type of housing assistance needed
- Beneficiary's circumstances
- Housing costs and limits
- Eligibility criteria
- Maximum assistance limits

Investment Policy and Performance

Many researchers have undertaken multiple studies to assess consistent economic depreciation, financial toll, and social implications of homelessness. An exact figure has not been arrived at because of the absence of a central homelessness budget in the United Kingdom and how that affects the responsibility, costs, and future socioeconomic impact. To utilize the most comprehensive and approved cost, we utilized the 2022 study by Xantura (Dellar, 2022), a data company that specializes in working with several local governmental bodies and charities. A model presented by Falatu (2019) proposed the annual cost of individual homelessness.

The following table is based on the estimated annual net cost of homelessness in England, using 2022 prices (Falatu, 2019).

Table 2: The Estimated annual net cost of homelessness in England

Cost Areas	Annual Net Cost per Homeless Person (£)*	Annual Net Cost in England (£)***
Quality-of-Life Related	172,158	35,016,937,200
Lowered Taxable Income and Higher Unemployment	7,000	1,423,800,000
Homelessness Services	18,500	3,762,900,000
Mental Health Services	6,571	1,336,541,400
Physical Health Services	2,800	569,520,000
Substance	1,978**	402,325,200

* Inflation-adjusted to 2022 prices.

** 0.43 times the gross costs displayed in earlier sections. A relatively crude estimate was calculated by averaging the proportion of gross healthcare costs that were net costs (0.24), and gross criminal costs that were net costs (0.62).

*** Calculated by multiplying the annual net cost per homeless person by the 2020 Crisis estimate of core homeless households in England (203,400).

Authors' Note: *"We reach the estimate that the annual net cost of homelessness in England is £44.4 billion, or £9.4 billion excluding the quality-of-life related costs. Since this figure encompasses only the households experiencing the most acute forms of homelessness, since 2020 is a year that had lower numbers of homeless households than average, since 'hidden' homeless people are likely not accounted for, and since there are more homeless people than homeless households, this estimate of net costs almost certainly falls short of the actual figure."*

Furthermore, via the disbursement of the Housing Fund, NZF engages in zakat disbursement to eligible individual applicants in four key areas.

- Rent arrears
- Council tax arrears
- Emergency household items
- Moving-in grants

The NZF gave *£376,523* in aid to eligible applicants in rent arrears. It averted the prospect of their impending eviction between September 2022 and September 2023. A total of 824 people benefitted from these 221 grants, with individual grants positioned at an average of £456 per person or £1619 per household. The average number of people per household who were impacted was 3.7. The NZF has given the vast majority of these grants through local authority housing associations, thereby making it clear that the individuals aided continued being housed and sheltered after the clearance of arrears. There was no evidence of a recipient becoming homeless within 12 months of the NZF intervention.

With a rather conservative calculation of the individual cost of housing insecurity, minus the costs of the quality of life and reduction of the substance abuse support, the number of children supported was taken into account (albeit this will incur additional costs concerning social services and monetary reductions for health and education). The total annual cost stands at *£34,871*, making a total of about *£35,000*. Therefore, the economic value stands at 1:73.

NZF has been effective in assisting thousands of Muslims secure affordable and safe accommodation through zakat grants for housing-related expenses. Furthermore, an economic analysis showed that local governments and other organizations save £73 for every £1 of zakat that is disbursed through the Housing Fund to maintain housing for households. This finding indicates the efficiency and fruitful results of NZF's housing support.

In addition to housing support, NZF offers many forms of assistance to underprivileged Muslims around the United Kingdom, such as The Hardship Relief Fund, which helps poor Muslims who are unable to cover their basic living expenditures by giving cash grants for monthly expenses like food and clothing. In the field of education and skill-building, this fund provides grants to cover the costs of training courses, certification and license fees, and qualification conversion to help unemployed or low-

income Muslims find employment and improve their earning power. Moreover, NZF works with other organizations, businesses, and charities to champion the cause of zakat in the United Kingdom. They collaborate with organizations whose goal is to uplift the Muslim community. The main goal of NZF is to further advocacy work on behalf of the Muslim community in the United Kingdom and to influence public opinion and policy regarding welfare matters. They have collaborated with campaigns to bring attention to problems with the benefits system and press the government on energy costs.

According to a recent economic analysis, local authorities and other organizations save £73 for every £1 of zakat that is disbursed through the Housing Fund to keep families in their homes. Between September 2022 and September 2023, NZF's £377,000 in payments to 824 people at risk of eviction saved an estimated £28 million in additional costs to local authorities.

Among the ways that NZF assists needy people include the following:

- offering zakat grants for rent and deposit to help individuals move into affordable and secure homes;
- providing support with rent arrears to prevent eviction and keep families safe in their current homes;
- helping with council tax arrears to address housing-related debts; and
- giving moving-in grants to cover the costs of settling into a new home.

Despite all these accomplishments, however, the NZF Housing Fund faces several potential pitfalls. First, the fund is only accessible to Muslims living in the United Kingdom, which excludes other groups in need of housing assistance. The application process can take up to four months, a significant increase from the previous two-week turnaround, potentially leaving applicants in precarious housing situations for extended periods. Despite a 30% increase in donations, the fund struggles to keep up with a 65% rise in applications, indicating that resources may be insufficient to meet the growing demand. Additionally, full-time students and those without legal status in the United Kingdom are not eligible, potentially leaving some of the most vulnerable populations without access to housing. Most zakat givers make one-off payments during Ramadan, which accounts for 75% of NZF's income, but people apply for zakat throughout the year, creating a large gap between zakat income and grants. Last, NZF has seen a significant increase in applications for crisis grants, with up to 2,000 applications per month, nearly doubling from the previous years due to the cost of living crisis and rising energy prices. This surge has increased their application processing time, which now takes up to four months.

Conclusion and Recommendations

Homelessness has penetrated the social fabric of the United Kingdom, and it has its own set of complexities that are further affected by a plethora of variables, from adverse

family circumstances to economic obstacles, health, and education. A differentiated and multifaceted approach to stem homelessness is needed, and it demands a concerted effort to coordinate responses across the spectrum of public and third-sector providers. The National Zakat Foundation has contributed greatly toward addressing the critical problem of homelessness in the United Kingdom.

The disbursement of £376,523 by NZF in 2022–2023 to eligible applicants in rent arrears has proven to be lifesaving for many. This aid has offered protection by doing away with the possibility of eviction and ensuring that individuals and families can establish a stable and functioning living environment. The overall economic value of this assistance, when gauged against the background of the overall economics of homelessness in England, highlights the significant impact of NZF's work with an economic return of £73:1. NZF's work is a reflection of the positive impact that strategic charitable giving can yield on society, and it sets a standard for those following suit in social welfare and community support programs.

To attain and optimize the effects of its housing projects, NZF ought to undertake a strategic approach such as enhancing collaborative networks. NZF can obtain more funding and resources to scale up its housing initiatives and reach more beneficiaries by widening its network of partners. These collaborations may also make it easier to exchange innovative methods and best practices for combating homelessness. Furthermore, innovative fundraising techniques need to be employed to guarantee the sustainability of the Housing Fund project. For this to materialize, NZF needs to implement novel fundraising strategies like sukuk, waqf, crowd-funding, and corporate social responsibility (CSR) programs, as well as setting up endowment funds that comply with Shari'ah. By developing robust data collection systems, NZF can monitor the long-term socioeconomic effects of housing funds on recipients and produce comprehensive, and methodical procedures for further data collection. NZF needs to establish avenues through which beneficiaries can offer input regarding their encounters with the Housing Fund initiative. This feedback can direct efforts toward continual improvement, guaranteeing that the program stays sensitive to participants' requirements and adjusts to evolving conditions. Policy advocacy aimed at adopting a way to promote supportive housing laws and obtain more funds for affordable housing initiatives requires active engagement in policy discussions and debates. Through the utilization of its programmatic experience and program data, NZF can impact policy choices and encourage structural reforms that tackle the underlying causes of homelessness. NZF includes complementary services such as financial literacy classes and employment assistance programs. By assisting recipients in achieving stability and self-sufficiency over the long term, these programs can enhance the favorable effects of the Housing Fund. It would be prudent for NZF to develop training programs for imams and community leaders on Islamic social finance and its applications in contemporary times.

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