

Mayor of Hackney's Housing Challenge

Working with Registered Providers to deliver new homes for Hackney

Funding Prospectus and Bidding Instructions



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Delivering the homes Hackney needs

With 57 social landlords owning 26,000 homes across the borough, Registered Providers have long played a pivotal role in providing secure, high quality, and genuinely affordable homes to Hackney's communities, helping to keep this diverse part of inner London a place for everyone.

And, despite a challenging political and economic environment, you have continued to build here. Nearly 3,000 new Council and housing association homes have been delivered in Hackney since 2011 - the third highest of any borough in London.

However, as Hackney's population continues to grow, this progress has stalled. With rising land values and restrictive government policy, we are expecting fewer than 300 properties to be built by Registered Providers in Hackney between now and 2019 - a 90% reduction.

At the same time, Hackney is facing an unprecedented housing crisis as the housing shortage increases homelessness and prevents local people being able to afford to live in the area.

Hackney is the eleventh most deprived local authority in the UK and yet, with house prices increasing 72% over the last five years, it is also one of the most expensive places to live. Today the borough has over 3,000 homeless households living in temporary accommodation - many of whom are in work – as rapidly increasing private rents and welfare reforms price out families even of moderate incomes.

We are one of the few local authorities directly delivering new Council housing. But we can't do it alone. Without the flexibility to use our Right to Buy receipts or fully exploit our borrowing capacity we need to work with Registered Providers to deliver the homes Hackney needs.

London's Registered Providers have long prided themselves on keeping the capital a place where people of different backgrounds and incomes can have a good, stable home, even as places change and rents rise.

My vision is a Hackney that works for everyone, that's why I've launched the Mayor of Hackney's Housing Challenge – a new way of funding Registered Providers to build in Hackney, using resources that government restrictions prevent us from maximising ourselves. It's my challenge to you to work with us so that together we can continue to deliver as many genuinely affordable homes for Hackney as possible.

Philip Glanville
Mayor of Hackney

Introduction

At Hackney, we have a hugely ambitious programme of housebuilding. We are one of the few local authorities directly delivering new Council housing, building nearly 9,000 new homes (including through our partnership at Woodberry Down) by replacing ageing Council properties that are uneconomical to repair and making the most of underused land in our ownership. More than half of our new homes will be for social rent and shared ownership, paid for through homes for outright sale in the absence of government funding.

Hackney undertook extensive consultation on 'Hackney: a place for everyone' in 2016, which demonstrated that housing affordability was a top concern of people living in the borough. This underlines the need for the Council to take a proactive approach to delivery of additional affordable housing, using all resources available.

Our capacity to build more, despite a growing population, is severely restricted. The borrowing cap applied to councils restricts the number of new homes we can add to our pipeline at any given time. And although around 200 council homes in Hackney are sold through right to buy each year, we're not able to use all the receipts from these sales to create replacement homes. As a result, we need to work with Registered Providers (RPs) to deliver the homes Hackney needs.

What is the Mayor of Hackney's Housing Challenge?

The Mayor of Hackney's Housing Challenge uses an initial £16 million of the Council's retained Right-to-Buy receipts to work with partners to deliver genuinely affordable, high-quality homes in Hackney. Through the programme, we're offering grant funding to competent and capable RPs to build new homes here to meet the needs of the Hackney community.

Who can qualify?

To qualify, an organisation should:

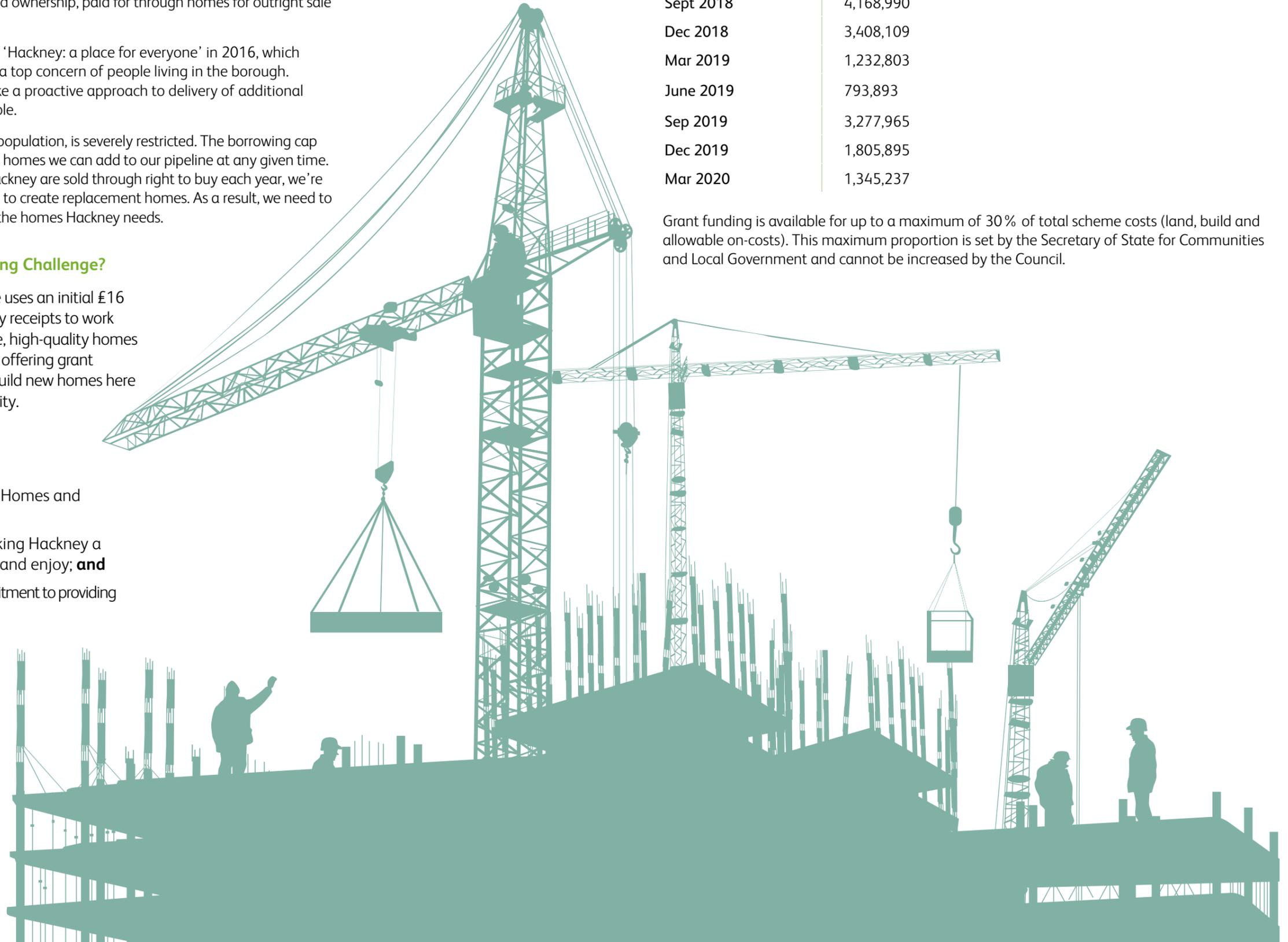
- Be a Registered Provider (RP) with the Homes and Community Agency (HCA);
- Have a long term commitment to making Hackney a place that people choose to live, work and enjoy; **and**
- Be able to demonstrate a long term commitment to providing and managing homes in Hackney.

When is the funding available?

There is currently £16 million of funding available, to be allocated to proposed schemes providing value for money and being deliverable in the timeframe set out below:

Expenditure Date	Expenditure in quarter (£)
Sept 2018	4,168,990
Dec 2018	3,408,109
Mar 2019	1,232,803
June 2019	793,893
Sep 2019	3,277,965
Dec 2019	1,805,895
Mar 2020	1,345,237

Grant funding is available for up to a maximum of 30% of total scheme costs (land, build and allowable on-costs). This maximum proportion is set by the Secretary of State for Communities and Local Government and cannot be increased by the Council.



General Requirements

Hackney is seeking bids from suitably qualified and capable RPs who will provide additional affordable homes in Hackney for social rent and / or “living rent” (“living rent” is based on one third of average local household incomes and adjusted for the number of bedrooms in each home).

Due to the high market rental rates locally, Hackney does not consider “Affordable Rent” (at up to 80% of market rent) or rents in excess of Local Housing Allowance rates to be genuinely affordable to the majority of local people, particularly those in acute housing need.

Homes can be provided under the Mayor of Hackney’s Housing Challenge either through:

- The procurement and long term management of homes for rent; **or**
- The development of sites in Hackney to provide homes for rent.

In both cases, the Council expects the provider to:

- Make the most efficient use of resources to deliver new homes for rent; and
- Deliver the new homes within the agreed timeframes.

Bidders will also be expected to deliver the following services:

- Provide appropriate high quality management services for the new housing;
- Agree with the Council, and other partners from time to time, standards for the management of the new housing; **and**
- Cooperate with the Council and other partners to provide tenure neutral management and maintenance services.

The Council is seeking bids from RPs that:

- Have the capability and capacity to deliver high quality, well designed, accessible, energy efficient and sustainable homes;
- Can demonstrate a commitment and ability to provide homes and related maintenance and management services with the minimum amount of adverse environmental impact;
- Have the aptitude for and experience in providing high quality housing management and maintenance services;
- Can demonstrate an understanding of and commitment to diversity and equality of opportunity;
- Can demonstrate their ability to provide responsive, proactive, customer focused, locally based and targeted services;
- Can demonstrate a commitment to the social, economic and environmental regeneration of the Borough; **and**
- Can demonstrate a long term commitment to place shaping and improving outcomes for local households and businesses.

The Council welcomes bids from RPs representing Black, Asian and Minority Ethnic (BAME) communities, and from smaller RPs who may wish to develop in partnership with larger organisations.

Bidders must note and will be required to certify that they understand that the Council may not be able to pay the **Mayor of Hackney’s Housing Challenge grant** to the RP if grant claims are not submitted by the agreed grant claim dates.

The Mayor of Hackney’s Housing Challenge must be the only public subsidy funding (excluding commuted sums agreed through planning obligations) for each home delivered with this funding. Please note that this does not exclude other public subsidy funding for homes of other tenures on the same site, however there will have to be a clear separation of and accounting for costs and funding for scheme audit and grant funding purposes. Discounted or free land is not counted as public subsidy for the Mayor of Hackney’s Housing Challenge programme.

Contact Details

All requests for clarification or further information in respect of bids for the Mayor of Hackney’s Housing Challenge should be made to:

 **Jane Havemann, Project Manager**
email: jane.havemann@hackney.gov.uk
call: 020 8356 7807

Housing Strategy, Policy & Enabling Team

Regeneration
Neighbourhoods and Housing Directorate
London Borough of Hackney
Christopher Addison House
72 Wilton Way, Hackney, E8 1BJ

Any clarifications will be confirmed in writing via email by the Council to the bidder. If the Council considers any question or request for clarification to be of material significance, both the question and the response will be communicated to all RPs who have expressed an interest, or who have submitted a bid.



Freedom of Information

The Council is committed to open government and to meeting our legal responsibilities under the Freedom of Information Act 2000.

Accordingly, all information submitted to a public authority may need to be disclosed by the public authority in response to a request under the Act. Any member of the public or other interested party may make a request for information. The Council may receive requests for information relating to a contract and the services which, save for any right to claim an exemption under the Information Legislation, the Council may be under a statutory obligation to disclose. Bid applicants will render all necessary assistance to the Council to meet its statutory obligations under the Information Legislation. All responses received and any communication from Providers will be treated in confidence but will be subject to the Freedom of Information Act.

The Council will consider the disclosure of any information, including pricing information (for both successful and unsuccessful bidders), subject to the exemptions / exceptions under the Information Legislation. RPs bidding should be aware that attaching a blanket label of “private and confidential” or “commercial in confidence” to their proposal may not exempt / except the proposal from disclosure under the Information Legislation.

RPs should carefully consider the impact of the Information Legislation and take their own legal advice with regard to any information/data that is intended to be submitted in support of a bid which may be commercially sensitive and/or confidential.

If an applicant considers that all or any part of its bid and/or any specific information contained therein constitute a “trade secret”, or that information contained therein is commercially sensitive information disclosure of which would be likely to prejudice the commercial interests of any party, or believes that a duty of confidentiality applies or otherwise considers that such documents and/or information falls within any other exemption or exception set out in the Information Legislation, the RP should:-

- (a) attach information it considers to be commercially sensitive e.g. costing or a trade secret in a separate schedule marked ‘commercially sensitive information’ or ‘trade secret’ and include a time limit for the sensitivity of the information; **and**
- (b) in respect of such schedule and/or specific information, identify the particular exemption/exception that the RP claims applies in the particular circumstances. RPs should do so in full knowledge of the relevant terms of the Secretary of State’s Code of Practice (the Code) under Section 45 of the Freedom of Information Act 2000, on the handling of requests under the Freedom of Information Act 2000. This will enable Tenderers to make such claims based on reasons that address the requirements of the Code.

RPs should be aware that, even when they have scheduled or identified relevant documents and/or information and seek to claim an exemption, the Council shall have complete discretion in deciding whether such documents and/or information should be disclosed under the Information Legislation.

Instructions for Bidding

Please follow the instructions when completing the Application Form. RPs must answer all questions as accurately and concisely as possible.

Written statements and other supporting documents must be provided as a Word document, Excel workbook or as a PDF file.

Completed bids can be submitted by email to the Housing Strategy and Policy Team contacts named on page 15. Acknowledgement of receipt of bid will be sent to the RP within three working days of receipt.

The bids will be evaluated by Council officers as detailed on page 13-14. The Council will endeavour to provide a formal decision within four weeks of receiving a fully completed bid.

The Council may require an RP to provide additional information supplementing or clarifying any of the information provided in any bid.

Please note the Council will not reimburse any costs incurred by RPs in connection with preparation of bids or commitments made or undertakings to third parties prior to the Council confirming its intention (or not) to allocate grant funding to a specific scheme proposal.

SECTION A - Organisation and Contact Details

This is largely self-explanatory but please be sure to provide accurate contact details.

Registration with the Homes and Communities Agency (HCA) as a Registered Provider of affordable housing is a requirement for the Mayor of Hackney’s Housing Challenge funding. The Council must be confident that the RP has robust governance arrangements to protect any public sector investment, as well as appropriate arrangements to deliver high quality affordable housing.

SECTION B - Scheme Proposals (Dwelling numbers, sizes and proposed rent)

B-1: Site Name and Address

Full address is required in case there is a need to establish ownership or there are competing bids for the same site. For Purchase & Repair scheme bids we will accept ‘various existing street properties’ if potential purchases have not been identified at the time of submitting the bid.

B-2: Scheme Type

This is largely self-explanatory. Tenure conversion (for e.g. from temporary accommodation to permanent homes for rent) would be ‘Other’.

B-3: Description of proposed scheme

Please provide some narrative around what the proposed scheme entails, for example current ownership details, planning status, and proposed tenure mix.

B-4: Dwelling Details

On mixed tenure developments bidders must also provide some information on the number and size (number of bedrooms and person occupancy will suffice) of dwellings that will not be funded with Mayor of Hackney's Housing Challenge funding (i.e. low cost home ownership and/or open market sale). The same lower level of detail will be acceptable for Purchase & Repair scheme bids.

B-5: Proposed Rent Levels

The Mayor of Hackney's Housing Challenge funding is only available to support the provision of new low cost rental accommodation.

Bids for the development of homes for social rent and living rent will be prioritised.

Please indicate what the proposed rent and service charge levels are for the scheme. The total weekly rent and service charge must be below the Local Housing Allowance (LHA) for the size of dwelling.

B-6: Design Statement

The Authority is committed to providing high quality homes and would expect to see information on how the RP will deliver well designed homes that meet and exceed minimum local, regional and national standards on accessibility, sustainability and design quality.

The design statement should therefore demonstrate the RPs commitment to achieving the requirements of the London Housing Design Guide, the Lifetime Homes standard, and Hackney's Local Plan, including our Sustainable Design and Construction Supplementary Planning Document.

SECTION C - Funding

The funding available is sourced from retained Right to Buy one-for-one replacement receipts and can only be used to fund homes for rent for people on low incomes. All bidders must provide cost and funding figures for the units within the scheme which will be the subject of the bid.

C-1: Financial Assumptions

State Aid rules mean that dwellings funded with retained Right to Buy one-for-one replacement receipts cannot have any other public subsidy contributions e.g. GLA grant, RCGF. However, other tenures within the same scheme may benefit from grant funding. Discounted or free public sector land is excluded from this restriction.

This grant can only be paid as a proportion of actual expenditure, so the actual price paid for land must be shown. Details of the valuation of free or discounted land can be set out in the funding statement at C-3. The Council will request a purchase completion statement prior to paying any grant.

On larger schemes (more than 10 units) the Council would usually be looking for a mix of tenures to include low cost home ownership, but will not be able to provide funding for these. Details of how these other homes on mixed tenure developments will be funded must be provided as the Council will have to assess whether the entire development is financially viable.

The rented element of the scheme cannot show an unfunded deficit (total funding must not be less than Total Scheme Cost).

The Application Form also asks for information regarding any grant sought from the GLA; any additional subsidy (including that from the RPs own resources); and any private loan finance.

C-2: Grant Claims Forecast

Grant will be paid at 40% on completion of acquisition; 40% start on site (or 80% start on site if acquisition has already occurred), and 20% on practical completion. Achieving grant claim dates will be critical to ensure the Council achieves its grant spend targets, so the Council will pay particular attention to grant claim forecasts when assessing bids. It is recommended that bidders provide some assurance to the Council that these dates are deliverable in the Delivery Statement at Section D.

C-3 Funding Statement

Bidders will be expected to provide a concise narrative on how the scheme will be delivering value for money in terms of the grant input required and an explanation of how the figures in C-1 have been derived, for example through the submission of detailed financial viability modelling. The RP should therefore include information such as any additional grant funding for other tenures, additional subsidy, and private loan finance.

SECTION D - Deliverability

The grant funding is time limited and the Council has to spend specified amounts by the end of every quarter starting with the quarter ending September 2018 as set out in the table on page 5. The Council therefore needs as much certainty over delivery as is practically possible, and expects a realistic (rather than optimistic) project programme. For Purchase and Repair bids a series of dates for Acquisition, Start on Site and Practical Completion should be provided.

D-1: Planning Status

Provide information about where the proposed scheme is at within the planning process (if applicable).

D-2: Internal Approvals

Provide information about what approvals the scheme has obtained / needs to obtain within the RP's governance structure.

D-3: Land Ownership

Provide information regarding land ownership, and if the land is not in the RP's ownership, the RP's interest in the land.

D-4: Indicative Programme

This should be a realistic programme.

D-5: Risk Log

Bidders are required to provide a high level risk log to support the indicative programme for the reasons set out above and in the previous commentary on Grant Claims Forecast.

D-6: Delivery Statement

Bidders will be expected to provide a concise narrative on how the scheme will be delivered, with particular attention on achieving milestones for grant claim dates, and supporting information regarding planning status and approval stage within the RP's organisation.

SECTION E - Strategic Fit

We are keen to work with RPs who share the ethos and objectives of Hackney Council. Through the scheme and their work in the borough, RPs should be able to show a commitment to the following:

E-1: Council's Strategic Objectives and working in partnership

Addressing the six key themes set out in our new Housing Strategy, consulted on earlier this year. You can find more info on the consultation here:

www.consultation.hackney.gov.uk/housing-regeneration-strategy/housing-strategy-2017

1. Building high quality, well-designed, and genuinely affordable new homes
 2. Strategic response to worsening housing affordability
 3. Making best use of new and existing homes
 4. Addressing standards and affordability in the private rented sector.
 5. Meeting people's housing needs and helping tackle housing-related health and support needs.
 6. Promoting employment and sustainable communities
- Contributing to the Council's corporate priorities set out in Hackney: a Place for Everyone - corporate plan 2015-18 (www.hackney.gov.uk/corporate-plan)
 - Contributing to the priorities set out in Hackney Council's Sustainable Communities Strategy 2008-18 (www.hackney.gov.uk/community-strategy)
 - Complementing the spatial priorities and place shaping objectives articulated Hackney's Local Plan (www.hackney.gov.uk/local-plan)

E-2: Affordability and quality management for residents

We expect RPs to be able to demonstrate the following:

- A track record of excellent housing management in Hackney and/or elsewhere in London.
- How they will maintain good working relations with Hackney Council.
- How the proposed scheme will promote community cohesion - Hackney Council is committed to mainstreaming equality in service delivery and it is essential that equality, social inclusion and community cohesion are embedded in all our decisions and practices.

We particularly welcome bids from the following:

- RPs representing BAME communities.
- Smaller organisations working in partnership with larger RPs to enable the delivery of more affordable homes.

SECTION F - Declaration

All providers returning completed Application Forms for the Mayor of Hackney's Housing Challenge are required to make declarations. Any Bid submission that does not have a signed declaration will not be considered.

Evaluating Bids

Assessment Process

An assessment of bids will be made on the basis of the quality of responses, and will be assessed against the evaluation and scoring criteria set out in the tables below.

Key considerations for the Council will be the quality of the scheme proposals, strategic fit with the Council's regeneration objectives, quality of housing management, financial assumptions (value for money), deliverability within the necessary spend timeframes, and contribution to equalities.

Allocation of grant via the Mayor of Hackney's Housing Challenge will also depend on certainty of delivery, particularly on how confident officers are that the grant will be claimed by the dates set out in the bid. This is because the Council will have to return unspent Right to Buy one-for-one replacement receipts to central government with significant financial penalties, if these are not spent by the end of the relevant quarters as set out in the table on page 5.

Bids will be evaluated by Council staff including officers from Finance, Housing Strategy and Policy, and Estate Regeneration.

Evaluation Criteria

Bids will be assessed on the following criteria:

ELEMENT	EVALUATION CRITERIA	MARKS / WEIGHTING
Deliverability	Demonstrate that the proposed scheme is deliverable within the Council's specified timeframe.	Pre-qualification Pass / Fail
Scheme Proposals	Demonstrate how the organisation will successfully work with the Council to deliver homes for rent, from site acquisition (if applicable) through to practical completion. The answer should address the requirements set out in the specification related to the proposed rent levels and deliverability. The scheme proposal should also state how high quality, sustainable design will be achieved.	30%
Strategic Fit	Demonstrate how the organisation will contribute towards achieving Hackney's housing, planning and regeneration objectives; what "additionality" the scheme or organisation brings to Hackney, for example employment and skills opportunities; and how the proposed scheme contributes positively towards place-shaping.	20%
Housing Management	Demonstrate how the organisation will provide quality management services to residents.	20%
Equalities	Demonstrate an understanding of and commitment to diversity and equality of opportunity for Hackney residents, and set out how the proposed scheme will promote social cohesion.	10%
Financial Assumptions	Demonstrate value for money, and provide robust information on the scheme appraisal summary, estimated grant levels, and other sources of funding.	20%

Scoring

For each element described in the table above, bids will be scored in accordance with the table below.

SCORE	RATIONALE	GENERAL DESCRIPTION
0	Response contains insufficient information to make a judgement, or is otherwise wholly unsatisfactory	Wholly unsatisfactory
1	Response contains significant omissions, weaknesses or concerns, or is otherwise unsatisfactory	Unsatisfactory
2	Response contains some omissions, weaknesses or concerns	Cause for concern
3	Indicates an acceptable response	Acceptable
4	Indicates a very good response	Very good
5	Indicates an excellent response	Outstanding

The Council may seek independent advice to validate information provided or to assist in the evaluation. The Council reserves the right to request references, conduct site visits, and ask for presentations as part of the bid assessment process and to satisfy itself that the RP is a fit and proper organisation to award the Mayor of Hackney's Housing Challenge funding to.

In order for the Council to assess the financial standing of the organisation, and enable due diligence to be carried out prior to the awarding of grant, the Council may also require:

- Three years of audited accounts;
- Regulator judgements on financial standing and value for money; and
- If it is planned to provide the project through a subsidiary or associated company then details of that arrangement.

The Council reserves the right to ask further questions and may take up credit reference agency reports.

Additional Information

Providers can access additional background information on Hackney's corporate priorities, objectives, strategies and plans on our website at www.hackney.gov.uk

Bid Outcome

The Council will confirm the success (or otherwise) of a bid within 30 calendar days in writing to the RP.

The RP will be required to enter into a Grant Agreement and a Nominations Agreement with the Council. The first is to secure the delivery of the affordable homes and achieve grant spend deadlines; the second is to ensure that the Council benefits from the affordable homes by being able to nominate households in housing need to occupy the dwellings.

RPs will be required to provide regular scheme progress updates up to first let of the new homes, then quarterly nominations monitoring reports thereafter.

Application Form Submission

To download an Application Form, please go to:

www.hackney.gov.uk/regeneration

Please submit completed bids to:

 **Ruzina Ali, Programme Support Officer**
email: Ruzina.ali@hackney.gov.uk
call: **020 8356 3891**

Emailed submissions are preferred as this will enable copies of the bids to be circulated for assessment. Acknowledgement of receipt of bid submission will be sent to the RP within three working days of receipt.

Bidding will be open until all the available funding is allocated or the Council decides to terminate the bidding process.

