

REQUEST FOR MAYORAL DECISION – MD1379

Title: Mayor's Housing Covenant 2015-18 Programme Recommendations

Executive Summary:

The Mayor's Housing Covenant 2015-18 programme prospectus was launched in December 2013 inviting bids from housing providers offering affordable homes for rent and home ownership across London. The prospectus also invited expressions of interest from providers proposing innovative ways of delivering affordable housing through a revolving investment fund. Bids were received in March 2014, discussed with bidders in April and assessed and moderated in May to June 2014.

Approval is sought for £489.5m allocation of funding, plus a further £136.7m from Recycled Capital Grant Funding/Disposals Proceeds Fund as a contribution to recipients' costs of delivering 21,307 homes under the *Mayor's Housing Covenant 2015-18 Programme*.

Decision:

That the Mayor approves:

- the list of recipients for the allocation of grant funding (subject to contract) with an aggregate value of up to £404.1m and a further £136.7m from Recycled Capital Grant Funds/Disposal Proceeds Funds, as a contribution to recipients' costs of delivering 18,034 homes through the 2015-18 Mayor's Housing Covenant Programme; and
- the short list of projects for the revolving fund to be taken to stage 2 of due diligence, with an indicative allocation of £85.4m towards the delivery of 3,273 homes.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Date: 18 July 2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

1 Introduction and background

- 1.1 The Mayor's Housing Covenant 2015-18 programme prospectus, approved through MD1284, was launched in December 2013 inviting bids from housing providers offering affordable homes for rent and home ownership across London. The prospectus also invited expressions of interest from providers proposing innovative ways of delivering affordable housing through a revolving investment fund. Bids were received in March 2014, discussed with bidders in April and assessed and moderated in May to June 2014.
- 1.2 This programme is supported by funding secured from central government. The comprehensive spending review for 2015-18 secured £1.25bn for affordable housing delivery in London with £1.07bn grant funding for the 2015-18 programme alongside £180m agreed for London through the Affordable Homes Guarantee.
- 1.3 In total, bids requesting GLA funding of £656m were received for the 2015-18 programme (£484m in grant funding and a further £172m RCGF/DFP), offering 20,377 completions from 57 bidders for the main programme. Additionally, expressions of interest for revolving investments were received from 12 organisations for funding of £287m and 8,192 homes.
- 1.4 Allocations are recommended to support the delivery of 18,034 homes with £541m GLA funding (£404m grant and £137m RCGF/DPF) for the main housing programme. A further 2,343 homes and £115m is recommended for rejection (£80m grant and £35m RCGF/DPF).
- 1.5 Indicative allocations are recommended to support up to £85m for 3,273 homes through the revolving fund and rejecting £201m for 4,919 homes.
- 1.6 In total, the proposed recommendations for the MHC 2015-18 programme will support 21,307 homes with grant funding of £489m and a further £137m from RCGF/DPF.

2 Objectives and expected outcomes

- 2.1 The Mayor's Housing Covenant 2015-18 bids invited offers to deliver homes to complete by March 2018, with trusted delivery partners given the opportunity to extend completions into the 2018-19. Offers include proposals on firm named sites where the site may not be owned by the provider, or have planning permission in place, but has a clear timetable for delivery. The bids also include indicative offers where development proposals are in the early stages of consideration within the provider's pipeline programme.
- 2.2 The Mayor's draft Housing Strategy sets out a commitment to deliver 45,000 affordable homes across London in the 2015-18 period. The GLA has secured £1.25bn from central government for affordable housing delivery in London in the 2015-18 period.
- 2.3 The revolving fund proposals will:
 - contribute to the Mayor's target to deliver 45,000 low cost homes from 2015 through to 2018;
 - contribute towards the Mayor's ambition to deliver at least 15,000 affordable homes per annum for the next ten years, set out in the Mayor's 2020 vision;
 - contribute to helping around 110,000 households into low cost homes;
 - increase opportunities for working Londoners to access home ownership in the capital;
 - ensure new homes delivered meet the London Housing Design Guide principles;
 - help deliver the Mayor's election manifesto to create 200,000 jobs in London over the Mayoral term;

- create long-term certainty of funding that will not only increase overall housing supply, but provide a platform to further increase institutional investment into housing in London.

2.4 Further details of the bidding requirements are set out in the bidding prospectus available on the GLA external website.

Budgets

2.5 The Mayor's Housing Covenant Homes for Working Londoners and Building the Pipeline programme budgets include £180m from DCLG's Affordable Homes Guarantee plus further budget from existing GLA programmes transferred to Mayor in April 2012. At the end of May 2014, allocations against the existing MHC programmes totalled £285.4m, with £234.2m remaining for 2014-15 onwards (see appendix 4).

2.6 The 2015-18 comprehensive spending review secured a further £1,070m via DCLG for affordable housing in London. Of this total, £200m has been allocated to Housing Zones in accordance with MD1366. Housing Zones, are expected to deliver at least 6,000 affordable homes towards GLA targets in 2015-18. Subject to this MD being approved a further £489.5m will be allocated to the Mayor's Housing Covenant 2015-18, leaving £380.5m of the budget still to be allocated and approved.

2.7 A further budget of £40m was secured from the Department of Health for the Mayor's Care and Support Specialised Housing Fund, agreed in 2013 to support the development of new homes providing specialised housing for older people and disabled adults in London. Allocations of £30m were approved in July 2013 (MD1244) and it is proposed that supported housing schemes recommended for approval in the MHC 2015-18 bids round will be prioritised for funding through MCSSHF where they meet the criteria for that programme. The programme has remaining allocations of £27.1m from 2014-15 onwards (see appendix 4).

2.8 In addition to grant funding, eligible providers were invited to propose the use of Recycled Capital Grant Funds (RCGF) or Disposal Proceeds Funds (DPF) for the provision of new affordable housing. Providers are required to use Recycled Capital Grant Funding (RCGF) and Disposals Proceeds Fund(DPF) resources within three years of generating the funds after which the GLA retains the right to withdraw remaining resources for reallocation to other housing providers. The recommendations below include details of the total GLA funding requested by bidders combining both grant and RCGF/DPF requirements.

Affordable Housing targets

2.9 The Mayor's Housing Strategy sets out a commitment to deliver 45,000 affordable homes and DCLG targets require 40,700 homes to be completed (8,700 homes through the Affordable Home Guarantee funding to 2017 and 32,000 from the 2015-18 programme to 2018).

2.10 The recommended programme for approval plus further additional allocations made through the existing Mayor's Housing Covenant programmes, homes expected to be achieved through the London Housing Bank and Housing Zones, will contribute up to 38,589 homes towards the Mayor's target of 45,000 homes during 2015-18. This leaves approximately 14% of the target (6,259) to be filled with new programme through continuous market engagement to deliver in the 2015-18 time period. Given this programme is commencing a year ahead of the 2015 start date, a longer run-in than the 2011-15 programme, this is thought to be achievable.

Programme	Homes
Existing MHC Allocations (main programme)	7,895
Existing MHC Allocations (care and support)	566
Additional DCLG reported homes (estimated)	2,100
MHC 2015-18 main programme allocations *	18,034
MHC 2015-18 revolving fund allocations	1,146
Continuous market engagement	6,259
London Housing Bank	3,000
Housing Zones	6,000
Subtotal	45,000
Target	45,000

***Note:** programme allocations include some 2018-19 where providers will be encouraged to accelerate delivery.

- 2.11 It is not yet clear whether MHC Care and Support or completions reported via DCLG housing statistics will be counted against the DCLG targets. If they are not, the number required through continuous market engagement would be 1,366 higher than needed to hit the housing strategy target. The 7,625 homes required to be built into the programme represent 19% of the total.

Programme	Homes
Existing MHC Allocations (main programme)	7,895
MHC 2015-18 main programme allocations*	18,034
MHC 2015-18 revolving fund allocations	1,146
Continuous Market Engagement	7,625
Housing Zones	6,000
Subtotal	40,700
Target	40,700

Note:* this includes some completions that may be scaled back. A further 566 and 2,100 homes from Care and Support and completions reported by DCLG may also potentially contribute towards the DCLG target

- 2.12 The table below sets out the profile of the completions and spend for the bids which are recommended for approval. Expenditure is paid on start-on-site and completion through 50:50 payment tranches.

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Homes (completion profile)	2	1,405	5,507	10,267	1,670	18,851
Spend (£000s)	£40,406	£111,910	£115,953	£139,111	£27,913	£435,294

Note: It is not possible to profile the partially accepted units so the overall number above will be scaled back to a total of 18,034 and £404m.

Framework Agreements with Boroughs

- 2.13 As part of the 2015-18 Mayor's Housing Covenant the GLA has held comprehensive engagement with boroughs to agree the way the programme will work in different areas. To do this the GLA has worked with boroughs, through their strategic, planning and enabling roles, to agree a framework to guide the operation of the programme in their areas during the bidding stage. The current position with these frameworks is set out in appendix 1 and the GLA will look to conclude the final ones in the near future. For any borough wishing to deliver affordable homes directly the agreement of a framework will be a condition of funding.

- 2.14 The frameworks that have been agreed reflect reasonable positions to influence the delivery of affordable housing. The most substantive area of the frameworks has been in relation to adjustments to the rent levels of discounted and capped rents. Adjustments have been agreed on the basis that they are cost neutral to the provider (i.e. borough investing own resources or capped rents moved up by same amount as discounted moved down). The frameworks therefore do not represent a prescribed way of working in each borough but all providers will be expected to work to the principles expressed and positively engage with the boroughs in which they are working.

2015-18 Main Programme Affordable Homes

- 2.15 **Appendix 2** sets out the assessment process followed and key considerations in making recommendations for allocations under the 2015-18 Mayor's Housing Covenant main programme.
- 2.16 **Appendix 3** sets out the proposed allocations, by provider. **Appendix 4** shows all providers with remaining MHC allocations plus allocations for the 2015-18 programme.

Revolving Fund

Revolving Fund Introduction and Background

- 2.17 As part of the Mayor's Housing Covenant 2015-18 programme the Mayor sought Expressions of Interest (EOI) in a revolving fund. EOI were sought from providers who wish to; deliver different affordable housing products from those currently funded, are interested in a different form of GLA investment or wish to have a longer-term funding agreemental relationship.
- 2.18 Through the Mayor's Housing Covenant: *Homes for Working Londoners* the GLA invested in different ways to supplement the traditional housing grant programmes to increase the options available to working households through new intermediate housing products. As part of the new investment approach, the GLA established two revolving funds to create a long-term relationship to increase housing supply by recycling capital investment, which will be repaid to the GLA at the end of the investment term. These are set out in MD1174.
- 2.19 As part of the Mayor's Housing Covenant: *2015-18 programme* the GLA expanded the scope and sought further Expressions of Interest (EOI) from organisations in a revolving fund. Organisations submitted their EOI in line with the main affordable housing grant programme deadline of 10 March 2014.
- 2.20 The assessment process is set out in appendix 5a, with recommendations for initial allocations to be taken forward to detailed due diligence in appendix 5b and scores of all EOIs in appendix 5c. The EOIs proposed to be taken forward for detailed due diligence will be subject to a further decision before contractual commitments are made.
- 2.21 The next steps following Mayoral Decision are summarised below:

Activity	Timeline
Announcement of proposals taken forward to stage two of due diligence (DD)	End of July-14
Stage two of DD begins and focuses on: <ul style="list-style-type: none"> • Agreeing Heads of Terms; • Independent advice to ensure proposal is compliant with legal, regulatory, and EU State Aid matters; • Organisations financial good standing, • Proposals financial/technical terms 	End of July-14
Stage two of DD is completed.	End of Sep-14

Recommendations presented to HIG, approval sought to seek MD to enter into funding agreement with bidders on the basis presented.	End of Oct-14
External legal counsel appointed to develop funding agreements to protect GLA investment/capture agreed long-term management of fund.	End of Oct-14
Bidders obtain GLA investment partner status	End of Dec-14
Legal discussions are complete; bidders enter into legal funding agreement with the GLA.	End of Mar-15
Revolving Funds start to operate, ongoing management of funds by GLA.	Start of April-15
GLA strategic review of Revolving Fund principles and progress to determine success and replicability to further deliver the Mayor's strategic objectives.	End of Mar-16
Majority of Revolving Funds recovered.	End of Mar-25

3 Equality comments

- 3.1 The main programme of proposed allocations and revolving fund are implementing the Mayor's policies set out in the Mayor's draft London housing strategy. In January 2014 the GLA published an integrated impact assessment ("IIA"), including an equalities impact assessment, of that strategy. The policies related to increasing housing supply, of which this paper relates, were covered by the Integrated Impact Assessment (IIA) for the Further Alterations to the London Plan.
- 3.2 The IIA concluded that updating housing projections and targets would support the delivery of sufficient housing and may help stabilise housing prices, supporting equal opportunities throughout communities. Furthermore, the provision of housing, including maximising the delivery of affordable housing would be in line with other policies of the Plan (e.g. Policy 3.5), ensuring that the needs of different groups are taken into account in the housing design.

4 Other Considerations

- 4.1 Risk: Providers fail to deliver the homes forecast in the bids.

Mitigation: Strong programme management arrangements will continue including formal quarterly funding agreement reviews with all delivery partners. Pipeline programmes and scheme substitutes will be managed to ensure that slippage or non delivery is mitigated with viable replacement schemes.

- 4.2 Risk: Additional homes contributing to the Mayor's affordable housing pledge and DCLG targets are not funded.

Mitigation: The Mayor's Housing Covenant programme will be open to continuous market engagement to secure additional homes as development opportunities arise with housing providers. The directorate will also consider whether a further bids round will promote providers to bring forward scheme developments proposed in their local build programmes.

- 4.3 Risk: Lack of Provider appetite to stimulate additional programme delivery.

- 4.4 Mitigation: The directorate will continue to expand the range of flexible and innovative approaches to increase housing supply in London. Working with existing and new delivery partners to explore alternative housing delivery models that provide additional affordable homes will be promoted including further work on the shared ownership products agreed in the previous MHC programme and proposals offered through the revolving investment fund.

5 Financial comments

- 5.1 DCLG expect 8,700 homes to be delivered by 31 March 2017 and 32,000 homes to be delivered by 31 March 2018 with the £1.25bn of affordable homes funding. The proposed allocations of grant funding are expected to deliver 18,034 homes with the revolving fund proposals delivering a further 3,273 homes, of which 1,146 are expected to be achieved by 31 March 2018 and the balance of 2,127 after that date. This gives rise to a total of 19,180 homes by 31 March 2018 from this funding stream, leaving a shortfall of 12,820 homes still to be delivered from unallocated funding of £380.5m (reducing to 10,693, if forecast slippage of 2,127 can be taken into account). This is within the grant per unit range that the new programme is funding.
- 5.2 The Mayor's Housing Strategy sets out a commitment to deliver 45,000 affordable homes during 2015-18. This target is considered achievable, as detailed in paragraph 2.10 above. This includes an estimated 6,000 homes from Housing Zones, for which the deadline for submission of bids is 30 September 2014.
- 5.3 There is further unallocated funding from MHC1 & MHC2 totalling £57.9m, which is being allocated through Continuous Market Engagement as per the delegation in MD1281.
- 5.4 Appropriate due diligence is required to mitigate the risk when entering into revolving fund agreements. The additional funding for Housing Zones of £200m from DCLG will be in the form of a repayable investment and the repayment needs to be planned for in future estimates.
- 5.5 A letter of confirmation has been received for the £1.07bn 2015-18 funding from DCLG however, the GLA has not yet received a formal Grant Determination letter.
- 5.6 The £180m Affordable Homes Guarantee DCLG funding must be used to deliver 8,700 affordable homes by 2016-17. A letter of confirmation has been received but the GLA has not yet received a formal Grant Determination letter.
- 5.7 Treasury Management must be consulted before entering into any investment or other loan agreements to mitigate market risk and ensure compliance with the GLA's Treasury Management Strategy.
- 5.8 Budget will need to be identified for the possible expenditure of an estimated £100,000 of revenue costs which may be incurred during the life of this programme.
- 5.9 Should any agreements be entered into that are considered commercial in nature, such activity may need to be transacted in GLAP rather than the GLA. This may also have VAT or Corporation Tax implications which will need to be considered at that time.
- 5.10 The revolving funds will need to be monitored carefully. In the first instance to ensure risk is mitigated and funds returned to be reinvested, and in the second instance to ensure cashflow / timing of cashflows is sufficient to allow reinvestment.

5.11 A summary of each of the proposed Mayor's Housing programmes and the allocations remaining is shown below:

	MHC1 £m	MHC2 £m	MHC3 £m	Total £m
Funding				
Affordable Homes Guarantee 2015-17	180.000			180.000
2011-15 Settlement	127.460			127.460
Department of Health		40.000		40.000
2015-18 Settlement			1,070.000	1,070.000
Approvals				0.000
MD1174 /MD1145/ DD1054	(71.449)			(71.449)
MD1242	(135.140)			(135.140)
MD1281	(52.977)			(52.977)
MD1366			(200.000)	(200.000)
MD1244		(30.000)		(30.000)
This MD approval			(489.500)	(489.500)
Still to be approved	47.894	10.000	380.500	438.394

6 Legal Comments

6.1 The decisions set out in this report appear to fall within the discharge of the GLA's housing and regeneration functions contained in Part 7A of the Greater London Authority Act 1999 ("GLA Act") and section 30 and 34 GLA Act powers to do such things to promote or which may be considered are facilitative of or conducive or incidental to the promotion of economic development and wealth creation; social development; and the improvement of the environment, in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;
- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- consult with appropriate bodies.

6.2 The report indicates that the proposed payments to recommended recipients amount to the provision of grant funding and not a payment for services rendered. The bidding and assessment process undertaken and use of GLA funding terms assist in ensuring that funding will be distributed fairly, transparently in accordance with the GLA's equalities obligations and requirements of the Contracts and Funding Code and in a manner which represents value for money.

7 Investment & Performance Board

7.1 These proposals were considered by Housing Investment Group on 27 June 2013 and were supported in full.

8 Planned delivery approach and next steps

- 8.1 The recommended programme will be submitted for Mayoral decision in June with final allocation announcements proposed in mid July.
- 8.2 See also further stages relating to the revolving fund set out in section 7.

9 Appendices

See list of appendices below.

Appendix 1: Borough Framework Progress - Status.

Appendix 2: Assessment approach followed for 2015-18 programme.

Appendix 3: Proposed recommendations for 2015-18 main programme by Provider (grey indicates Providers offered a programme approach)

Appendix 4: Mayor's Housing Covenant Programme allocations.

Appendix 5a: Assessment process for revolving fund

Appendix 5b: Revolving fund recommendations to be taken forward into detailed due diligence

Appendix 1: Borough Framework Progress - Status.

This appendix provides a summary of progress towards completing an agreed borough framework with each London borough.

North West

Borough	AR/AHO split	Capped/Discounted approach	Wants to use own resources to discount rents?	Compliant approach to nominations?	When expect to agree - formal signed off copy	Agreed in principle?	Other points to flag
North West							
Barnet	60/40	50/80 and 50/50 split	No	Fine	post election	No	
Brent	60/40	50/80 and 50/50 split	no	Fine	post election	yes	GLA officers have made clear that pan-London top-slice is condition of GLA grant funding. Want to prioritise larger homes at capped rents but will exercise flexibility
Camden	70/30	Wants to see both capped and discount reduced	Yes	Want 100% - still in discussion	post election	No	Discussions ongoing in relation to 2.75% rent on LCHO. GLA officers have made clear that pan-London top-slice is condition of GLA grant funding.
Ealing	60/40	50/80 and 50/50 split	no	Fine	post election	No	
Hounslow	60/40	50/80 and 50/50 split	no	Fine	post election	Yes	
Hammersmith & Fulham	40/60	50/80 and 50/50 split	no	Fine	28.04.14	Yes	
Harrow	60/40	Blended 65% across rented product and 50:50 split	no	Fine	25.04.14	Yes	Want to prioritise larger homes at capped rents but will exercise flexibility
Hillingdon	60/40	50/80 and 50/50 split	no	Fine	post election	No	
Islington	70/30	Own resource provided to suppress all rents to target rent level. Acknowledge 50/80 for GLA purposes only.	Yes (NHB, capital receipts, s.106)	Fine	post election	Yes	
Kensington & Chelsea	60/40	Ongoing discussion level of capped rent (TR vs 50%LQMR). 50:50 split	No	Fine	post election	Yes	Concern over workability of Capped Rents given exceptionally high values
Richmond	80/20	Blended 65% across rented product and 50:50 split	Yes. Housing Capital funding from stock transfer	Want 100% noms on all units - still in discussion	post election	No	Wants to see large family units focussed in capped. GLA officers have made clear that pan-London top-slice is condition of GLA grant funding.
Westminster	60/40	Capped at 50% LQMR (1 and 2 beds) and TR for 3+ bed. Discount at LHA. 70:30 split	Yes (s.106 via WCC AHF)	Fine	post election	No	

South

Borough	AR/AHO split	Capped/Discounted approach	Wants to use own resources to discount rents?	Compliant approach to nominations?	When expect to agree - formal signed off copy	Agreed in principle?	Other points to flag
South							
Wandsworth	70/30	50/50 split fine - but want some flexibility for 65% blend on certain schemes on a site by site basis	yes (in certain circumstances)	Discounted fine, would like pan-London top slice reviewed to incorporate housing need	post election	Yes	Borough concerns at 2.75% rent on LCHO.
Sutton	70/30	50/50 split, with some flexibility on a site by site basis to achieve an overall 65% blend	no	yes	already shared with RPs. Awaiting formal sign off	Yes	
Kingston	70/30	splitting rents on bedroom size. Three beds no more than 65% market rent, one and two no more than 80%	no	fine	June	Yes	Borough concerns at 2.75% rent on LCHO.
Lambeth	70/30	Want more capped for larger homes, and capped at a blended 50% rate	potentially - to reduce rent on larger homes to capped rent	fine	June	Yes	
Southwark	70/30	Want more capped/ social still in discussion	maybe	Still in discussion in relation to discounted nominations	TBC	No	
Bexley	70/30	65% blend due to lower values	no	fine	Approved	Yes	
Bromley	70/30	want site by site flexibility with an overall 65% blend, but flexibility key	no	Still in discussion in relation to discounted nominations - concerns on pan London top slice and RP 10% nominations	July - after elections	No	GLA officers have made clear that pan-London top-slice is condition of GLA grant funding. GLA expects 10% RP nominations.
Merton	70/30	65% blend	no	working londoners noms fine	July - after elections, shared with RPS	Yes	
Croydon	60/40	50/50 split discounted/ capped with flexibility to charge up to 65% of market rent where it can be demonstrated that this level is required to achieve scheme viability.	no	working londoners noms fine	Approved	Yes	
Greenwich	70/30	Would like to see 60/40 - still in discussion	maybe	fine	TBC	No	Want 6 months marketing, but happy with 9 months prior to PC
Lewisham	70/30	Keen on overall blend - from 60-65% - still in discussion on percentages	maybe - more likely for their own delivery	working londoners noms fine	after elections	No	Don't want capped/discounted described as such for tenants.

North East

Borough	AR/AHO split	Capped/Discounted approach	Wants to use own resources to discount rents?	Compliant approach to nominations?	When expect to agree - formal signed off copy	Agreed in principle?	Other points to flag
North East							
Tower Hamlets	70/30	blended rate agreed	no	Cannot identify households but is working in practice already	w/c 5 5 14	Yes	Reserved right to review post-elections
Newham	60/40	50/50 probably fine but carrying out review	no	fine	tbc	No	
Barking	60/40	Combination of 50/65/80%	no	fine	completed	Yes	
Havering	70/30 moving to 50/50	Blended rents broadly 50/50	no	fine	completed	Yes	
Redbridge	60/40	May want a blend - still in discussion	no	fine	post elections	No	
Enfield	70/30 but moving to 60/40	Likely to be a blend	no	No - want 100%	Mid May	No	Close to final agreement
Haringey	70/30 but moving to 60/40	50/50	no	Plan to develop register to manage this	agreed but will be signed post elections	Yes	
Waltham Forest	60/40	50/50	no	Still in discussion in relation to discounted nominations	completed	Yes	Reserved right to review post-elections
Hackney	60/40	50/50	no	Cannot identify households for discounted noms but accept RPs can reject	completed	Yes	

Appendix 2: Assessment approach followed for 2015-18 programme.

Assessment Process

- 1 All bids were assessed with strict adherence to agreed parameters set out in an assessment manual approved by the Housing and Land senior management team. The assessment process included four key stages comprising of an initial sift, bidder renegotiation stage, formal assessment and moderation. At each of these stages a senior level bids assessment board, chaired by the Assistant Director, ensured consistency in the application of the assessment parameters across all bids received.
- 2 The initial sift process included an assessment of outlier bids with detailed issues flagged to bidders for improvement and revision. All bidders were given the opportunity to amend and resubmit their bids during the renegotiation to address the areas raised or improve their offers in general. Formal bids assessment commenced in April 2014 and concluded with internal moderation to ensure consistency in the proposed programme of recommended bids. A further stage of SMT moderation and review was conducted in June.
- 3 The financial status of bidding organisations was also reviewed as part of assessment process, with Registered Providers submitting Financial Forecast Returns (FFRs) to the Social Housing Regulator and non registered organisations submitting audited accounts to the GLA for review. Furthermore, for Registered Providers, the current regulatory judgement was also taken into consideration during the assessment process. All bid information submitted by Registered Providers was shared with the Social Housing Regulator and feedback considered by the GLA. None of the feedback received to date raises concerns in relation to Registered Providers that would prevent allocations. There are a number of Registered Providers whose FFRs the Social Housing Regulator is still considering and a number where the FFR has not yet been submitted. For these providers allocations will be conditional on an acceptable view from the Social Housing Regulator.
- 4 The assessment process included a detailed analysis of bids to determine value for money, strategic fit and deliverability.
- 5 All starts in the programme are due before March 2018.

Table 1: Overview of recommendations

Recommendation:	Comps	GLA funding	GLA funding per unit	GLA funding per unit, excluding s106 nil grant
accept fully	13,571	£400,298,636	£29,497	
accept fully - flag high risk	2,257	£52,537,934	£23,278	
accept partial - specify	2,206	£88,038,390	£39,909	
Accept sub total	18,034	£540,874,960	£29,992	£37,371
reject fully	2,343	£115,208,765	£49,171	£54,887
Total	20,377	£656,083,725	£32,197	

Table 2: Completions by year

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
accept	2	1,405	5,507	10,267	1,670	18,851
reject	9	122	357	443	595	1,526
Grand Total	11	1,527	5,864	10,710	2,265	20,377

Note: The 'accept' line above includes 817 completions to be scaled back where the annual breakdown of delivery is not available.

- 6 A full list of recommendations by partner is shown at Appendix 3 with Appendix 4 showing remaining MHC allocations and recommendations for the main programme of 2015-18 bids round. Three provider offers are rejected in full due to concerns over delivery track record, capacity to deliver the proposed programme or value for money.

Partner-Managed Completions Programme

- 7 To stimulate supply and maintain incentives for delivery through to 2019 it is proposed that a number of large scale providers are offered the opportunity to manage substitutions of new/existing sites which do not proceed, on a programme basis. This approach gives trusted providers the flexibility to manage scheme substitutions against an agreed set of parameters whilst retaining the assurance of an approved allocation for long term delivery. Partners delivering in excess of 500 affordable homes, with a strong track record of delivery were considered for this approach.
- 8 It is proposed that the partners in the table below be able to manage their own substitutions. It is important to note that this will maintain their funding level, provided they deliver their output targets, with a reconciliation at the end of the programme to ensure the full level of funding is justified.
- 9 The freedom to operate in this way will come with increased levels of responsibility for the providers. They will be required to deliver at least their annual profile of completions or will have allocations removed and be moved to a scheme-by-scheme management approach. Providers will have the freedom to substitute any schemes into their programme, other than s106 nil grant schemes and, once they have certainty of other outputs, be able to increase their funding allocation pro-rata, subject to available GLA resource. This responds to requests by specific providers and operates in a similar way to that initially envisaged for the 2011-15 Affordable Homes Programme (AHP).
- 10 Other providers who would wish to operate in a similar way and can increase their offer, in a way which offers value-for-money and provides certainty in relation to deliverability, to in excess of 500 homes will also be considered for this approach. Any such change in approach for other partners will be tabled at HIG prior to being agreed.

Table 3: Providers proposed for programme approach (number of completions).

Lead Partner Name	accept fully	accept fully - flag high risk	accept partial - specify	reject fully	
Circle Anglia Limited	377	6	223		606
East Thames Group Limited	624				624
Hyde Housing Association Limited	134	116	300		550
Islington and Shoreditch HA Ltd	506				506
Network Housing Group Limited	646	227			873
Notting Hill Housing Trust	2,073	177			2,250
Octavia Housing	718			37	755
Peabody Trust	850	112	6	232	1,200
Grand Total	5,928	638	529	269	7,364

Other Indicators

- 11 The bids recommended for approval provide larger homes, homes for sale and rent, supported housing and homes delivered through s106 agreement, as summarised below.

Table 4: Summary of indicators for accepted bids

No. of homes	Accept fully	Accept partial*	Total	%
Total completions	15,828	up to 2,206	18,034	
Affordable Rent	9,619	up to 1,861	11,480	61%
Affordable Home ownership	6,209	up to 1,162	7,371	39%
Units on firm sites	10,725	up to 596	11,321	60%
Indicative units	5,103	up to 2,427	7,530	40%
Disc. Rent	4,806	up to 986	5,792	50%
Capped rent	4,813	up to 875	5,688	50%
Total larger homes	3,369	up to 742	4,111	22%
Disc. rent larger homes	780	up to 67	847	25%
S106 nil grant	3,427	up to 134	3,561	
S106 requiring grant	261	up to 0	261	
Supported housing	668	up to 15	683	4%
Grant (only)	£348,149,120	up to £55,977,710	£404,126,830	
RCGF/DPF	£104,687,450	up to £32,060,680	£136,748,130	

* **Note:** The information for partially accepted programme is estimated due to the inclusion of 817 homes to be scaled back, this will vary the percentages noted above by circa plus or minus 5%.

Larger Homes

- 12** The Mayor's Housing Strategy sets out a target to achieve 36% larger homes at discounted rents and current proposals provide 25% larger homes against this target. Of the 847 discounted rent larger homes proposed for approval, 117 of these are homes with 4 or more bedrooms. The information is only available for firm schemes and it is anticipated that the number of larger homes will increase throughout the course of the programme as indicative sites are profiled to firm delivery, however there remains a significant risk that the Mayor's target may not be achieved. All providers with allocations for the 2015-18 programme will be strongly urged to increase the volume of larger homes throughout the course of the programme.

Firm and Indicative proposals

- 13** The recommended approvals include up to 60% housing completions on firm sites with the remainder expected through indicative proposals. Whilst the indicative programme holds some risk in terms of delivery, the bids assessment process included a review of previous delivery performance for individual providers and, where necessary, a scaling back of offers to reduce delivery risk.

Table 5: Completions recommended for approval by firm/indicative

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Firm	2	1,127	4,456	4,699	1,037	11,321
Indicative	0	278	1,051	5,568	633	7,530
Grand Total	2	1,405	5,507	10,267	1,670	18,851

Note: The approved line above includes an additional 817 completions that have been scaled back. The annual breakdown of partial approvals will not be available until the schemes are re-profiled in IMS.

GLA funding per unit

- 14** All bids were assessed for value for money through consideration of costs, contributions and grant requirement on individual proposals using a bespoke grant model developed for London and a review of benchmarks on the bids received.
- 15** In addition to the model, schemes falling in the top quartile for funding or costs were flagged to providers for improvements to value for money or to seek further clarification on the proposals. Where justification of costs and grant requirements were unclear or not sufficiently verified, the bid was rejected or scaled back to acceptable value for money levels. The bids assessment process included a detailed review of GLA funding per unit requirements with due consideration of costs, contributions and factors affecting the value for money offered on each unit. Whilst the overall grant per unit levels vary for individual providers based on their scheme proposals the recommendations are supported by fully documented assessments of individual funding requirements.

Table 6: Homes for affordable rent

Recommendation:	Comps	GLA funding	GLA funding per unit	GLA funding per unit, excluding s106 nil grant
accept fully	8,206	£309,423,062	£37,707	
accept fully - flag high risk	1,413	£37,002,172	£26,187	
accept partial - specify	1,321	£67,388,134	£51,013	
Accept sub total	10,940	£413,813,368	£37,826	£46,585
reject fully	1,644	£88,887,723	£54,068	£61,770
Total	12,584	£502,701,091	£39,948	

Table 7: Homes for flexible home ownership

Recommendation:	Comps	GLA funding	GLA funding per unit	GLA funding per unit, excluding s106 nil grant
accept fully	5,365	£90,875,574	£16,939	
accept fully - flag high risk	844	£15,535,762	£18,407	
accept partial - specify	885	£20,650,256	£23,334	
Accept sub total	7,094	£127,061,592	£17,911	£22,730
reject fully	699	£26,321,042	£37,655	£39,880
Total	7,793	£153,382,634	£19,682	

2018-19 Completions

- 16** To promote a pipeline of delivery the proposed programme includes up to 1,670 completions in 2018-19 from fifteen providers, listed below. Of these, five providers are recommended to operate under a programme approach (see paragraph 7 above) and are highlighted in grey in the table. The proposals include development for further stages of strategic schemes.

Table 8: Recommended completions in 2018-19

Lead Partner Name	Total
Notting Hill Housing Trust	371
East Thames Group Limited	215
Hyde Housing Association Limited	203
The Guinness Partnership Limited	160

Islington and Shoreditch Housing Association Ltd	123
One Housing Group Limited	109
Newlon Housing Trust	108
Leicester Housing Association Limited	67
Catalyst Housing Limited	65
London Borough of Redbridge	58
Network Housing Group Limited	52
Major Housing Association Ltd	40
London Borough of Croydon	35
Poplar HARCA Limited	34
Orbit Group Limited	30
Grand Total	1,670

Note: the table above may include units that are due to be scaled back. LB Redbridge will be offered a partial allocations excluding units in 2018-19. The 40 homes offered by Major Housing Association in 2018-19 will be conditional on accelerating delivery to 2017-18.

S106 Requiring Grant

- 17** The proposed programme includes two schemes with 106 completions on s106 sites where grant is requested. An economic appraisal of the Hornsey depot proposal indicates that the funding requested is justified and, therefore, will be taken forward in the programme. An economic appraisal of the remaining scheme, offered by Octavia, is yet to be assessed and the proposed allocation will be conditional of receipt of an acceptable appraisal.

Table 9: Bids proposed for approval requiring grant on s106 sites

Scheme	Lead Partner Name	Borough	Tenure	S106 Req Grant Units	Comment
Hornsey Depot Rent	Sanctuary Housing Association	Haringey	AFFRENT	74	S106 homes requiring grant including 20% larger homes. Entire s106 homes equates to 168 homes (74: AR & 94: AHO) total grant+dpf+rcgf of £4,522,250 (£26,918 per home). Economic appraisal submitted and deemed reasonable. Existing consented scheme built to high standards as a flagship scheme with strong Mayoral and Borough support - but resulting in higher unit costs
Affordable Rent Firm Isleworth Supported	Octavia Housing	Hounslow	AFFRENT	32	EA not yet provided and awaiting signing of S106. RCGF element is required to support extra care element which looks reasonable.

Design Standards

- 18** Bids recommended for approval are required to meet the London Design Standards unless they are transitional schemes, supported housing or works to existing buildings. Three schemes are proposed for approval that do not meet the Mayor's Housing Design Standards and justification for the proposed approvals are set out below.

Table 10: Bids proposed for approval - not meeting design standards

Scheme	Lead Partner Name	Tenure	Units	Design Standards Comment
St Edmonds Road Rent	Home Group Limited	AFFRENT (12) AFO (12)	12	Bid as presented indicates LHGD standards will be met in full, and HG have indicated their commitment through subsequent bid discussion meetings. However, it has been flagged to the GLA that design variations may need to be agreed with regards to ceiling heights.
15-18 CITY ROAD (261)	Affinity Sutton Group Limited	AFFRENT (37) AFO (70)	37	Affinity Sutton City Road is a transitional nil grant S106 scheme having achieved planning in 2006. The scheme does not meet London Design Standard or 2007 Design and Standards. It meets Code level 3 and the majority of the units meet the London design space standards. Where space standards have not been met in the smaller units Affinity have been asked to reduce the units to 1 person which then conform. GLA officers will continue to work with Affinity to try to monitor these units
Basin Approach – Rented / FHO	Family Mosaic Housing	AFFRENT (10) AHO (6)	10	Provider exploring options to make the scheme compliant. S106 developer has incorporated some changes but two issues could be resolved only with new planning application. 3.2.3 Two internal corridors lack natural light. 4.10.1 Two flats lack private

				amenity space.
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Capped and Discounted Rents

- 19** Through the 2015-18 Mayor's Housing Covenant the GLA proposed a differentiated split within the Affordable Rent product. This recognised the need for lower rents ('Capped rent'), for those in greatest need, and offers an option ('Discounted rent') for those whose other choice would be to depend on the private rented sector.
- 20** Homes provided at the lower Capped rent are intended to meet the needs of a range of households which is likely to include downsizers, households affected by estate regeneration and those in need of long-term support. Affordable homes to rent at a Capped rent are intended to provide sub-market rented homes for households in greatest housing need. Rents should be no more than 50 per cent of local market rents (inclusive of service charge).
- 21** Whilst many middle income Londoners struggle to find a decent affordable home to rent in the market sector, they do not necessarily require rents as low as target rents for social housing or the new Capped rents. Providing rented homes, with a lower level of discount to the market, for these households greatly reduces the overall need for public subsidy. All nominated households to Discounted rent should be unaffected by the benefit cap. Boroughs will have flexibility on nominations as long as these give providers greater certainty over the rental stream and consequently the viability of the product. The Mayor would like to see these homes prioritised for working households. In order to maximise outputs, providers are expected to model initial rents at 80 per cent of market rents or, where it would be lower, at the Local Housing Allowance (LHA) level.
- 22** As noted in section 6, flexibility within this rental framework was encouraged. If a borough, or a provider, wanted to provide additional levels of subsidy into the Discounted rent homes to reduce their rent levels this approach can be agreed at a strategic level or on a site-by-site basis. Any decision to reduce Discounted rents below the 80 per cent/LHA level, in the absence of additional subsidy from the borough, would need to be associated with a higher rent level for Capped rent homes which would have a net nil impact on subsidy levels.
- 23** Providers were required to bid on a 50:50 basis (with a tolerance of one unit) of capped:discounted rent within their Affordable Rent bid. This has been achieved. Overall the average level of market rent is 64% estimated from the proposed programme. It should be noted that this is an estimate based on the proposed rents for the offers received and will be updated when final allocations are agreed.

Supported Housing

- 24** The programme recommendations include 683 supported housing units for rent and sale, with total GLA funding requested of £28.3m of which £23.3m is grant. All schemes have been assessed to ensure that revenue funding, where applicable, has been secured. Schemes meeting the funding requirements for the Mayor's Care and Support programme will be grant funded from headroom of £10m in that programme. The remaining schemes will be funded from the MHC 2015-18 budget.

Borough Feedback

- 25** Borough feedback was sought on all firm schemes submitted by providers. Feedback was received on 487 of the 529 schemes requested for review. It should be noted that boroughs will

have increased opportunity to influence the delivery of the 2015-18 Mayor's Housing Covenant programme than was previously the case, through the framework agreements.

- 26** Following a detailed assessment of the bids and review of comments from boroughs, 17 sites offering 686 completions are recommended for approval where the borough is not supporting the proposal.
- 27** Comments from boroughs seeking to block allocations for providers who are not on their framework panels are not a valid reason to reject a bid from a provider.

Schemes previously allocated

- 28** The assessment process included a specific review of all schemes previously awarded an allocation in another GLA/HCA programmes but withdrawn due to slippage or issues with delivery. The assessment included confirmation that previous slippage was due to factors outside the control of the provider and that current timeframes are achievable.

Delivery

- 29** The proposed programme for approval includes 2,259 completions where initial discussions on land acquisition and either preliminary discussions or no progress has yet been made on planning. These pose a relatively high risk to delivery and may result in slippage or non delivery.

Table 11: Completions by planning and land acquisition status

	Unconditional acquisition of freehold or long leasehold interest has occurred	Conditional acquisition, land option or heads of terms	Land identified but purchase negotiations not yet started	Land purchase negotiations underway	Grand Total
No progress yet on planning application	334	47	60	209	650
Planning discussion underway with planning office	381	431	133	1,857	2,802
Outline planning submitted	105	42	36		183
Detailed planning submitted	167	44	8	179	398
Outline Planning Approval granted	68	201		560	829
Detailed Planning Approval granted with some further steps required before start on site can	114	212		1,110	1,436
Detailed Planning Approval granted with no further steps required before start on site can	933	524	49	1,187	2,693
Grand Total	2,102	1,501	250	5,138	8,991

Appendix 3: Proposed recommendations for 2015-18 main programme by Provider (grey indicates Providers offered a programme approach)

Sub total	Overall Bid		Recommendations						
	20,377	£656,083,725	18,034	3,317	£540,874,960	£36,752	2,343	£115,208,765	89%
	Total units in the bid	Total GLA funding requested in the bid	Total units for approval	- of which nil grant units	GLA funding for approval	Average funding per unit (excl nil grant unit)	Units for rejection	GLA funding for rejection	% units for approval
A2Dominion London Limited	288	£9,728,934	215	73	£5,666,321	£39,904	73	£4,062,613	75%
Affinity Sutton Group Limited	603	£8,380,000	591	399	£8,380,000	£43,646	12	£0	98%
Agudas Israel Housing Association Limited	80	£6,170,353	36	0	£1,944,000	£54,000	44	£4,226,353	45%
Almshouse Consortium Ltd	18	£900,000	18	0	£900,000	£50,000	0	£0	100%
AmicusHorizon Limited	330	£19,847,405	330	16	£19,847,405	£63,208	0	£0	100%
Barnet Homes	101	£2,465,000	101	0	£2,465,000	£24,406	0	£0	100%
Blue Door PG	100	£2,500,000	0	0	£0	£0	100	£2,500,000	0%
Catalyst Housing Limited	450	£21,335,076	379	68	£11,484,124	£36,926	71	£9,850,952	84%
Circle Anglia Limited	606	£19,959,162	606	110	£17,685,926	£35,657	0	£2,273,236	100%
East Thames Group Limited	624	£20,658,032	624	113	£20,658,032	£40,427	0	£0	100%
Estuary Housing Association Limited	100	£4,280,000	100	0	£3,768,000	£37,680	0	£512,000	100%
Family Mosaic Housing	458	£5,900,000	458	253	£5,900,000	£28,780	0	£0	100%
Grainger Trust Ltd	195	£5,645,000	195	12	£5,645,000	£30,847	0	£0	100%
Hanover Housing Association	171	£2,335,000	171	48	£2,335,000	£18,984	0	£0	100%
Haringey London Borough Council	104	£2,934,488	104	0	£2,934,488	£28,216	0	£0	100%
Hexagon Housing Association Limited	200	£10,184,646	200	0	£9,021,268	£45,106	0	£1,163,378	100%
Home Group Limited	499	£9,686,000	499	178	£9,686,000	£30,174	0	£0	100%
Hyde Housing Association Limited	550	£33,045,628	550	10	£22,357,140	£41,402	0	£10,688,488	100%
Islington and Shoreditch Housing Association	506	£16,064,712	506	36	£16,064,712	£34,180	0	£0	100%
Leicester Housing Association Limited	445	£12,208,000	348	134	£7,830,400	£36,591	97	£4,377,600	78%
London & Quadrant Housing	376	£14,170,018	376	20	£14,170,018	£39,803	0	£0	100%
London Borough of Brent	100	£4,358,000	100	0	£4,358,000	£43,580	0	£0	100%
London Borough of Camden Council	46	£1,236,509	36	0	£977,034	£27,140	10	£259,475	78%
London Borough of Croydon	100	£2,960,000	100	22	£2,960,000	£37,949	0	£0	100%
London Borough of Ealing	10	£380,000	10	0	£380,000	£38,000	0	£0	100%
London Borough of Enfield	335	£11,275,000	235	0	£7,775,000	£33,085	100	£3,500,000	70%
London Borough of Greenwich	30	£1,620,000	30	0	£1,620,000	£54,000	0	£0	100%
London Borough of Havering Council	105	£3,009,000	105	0	£3,000,000	£28,571	0	£9,000	100%
London Borough of Hounslow	165	£5,174,000	158	41	£4,950,000	£42,308	7	£224,000	96%
London Borough of Lambeth	303	£10,899,000	303	0	£10,899,000	£35,970	0	£0	100%
London Borough of Lewisham	244	£9,340,000	164	0	£6,140,000	£37,439	80	£3,200,000	67%
London Borough of Redbridge	135	£3,480,000	64	0	£1,653,913	£25,842	71	£1,826,087	47%
London Borough of Tower Hamlets	136	£4,080,000	132	0	£3,960,000	£30,000	4	£120,000	97%
London Borough of Waltham Forest	387	£9,695,000	387	0	£9,695,000	£25,052	0	£0	100%
Major Housing Association Ltd	120	£3,640,000	80	0	£2,600,000	£32,500	40	£1,040,000	67%
Metropolitan Housing Trust Limited	1,135	£28,430,959	616	152	£12,558,023	£27,065	519	£15,872,936	54%
Moat Homes Limited	220	£5,748,495	220	66	£5,748,495	£37,328	0	£0	100%
Network Housing Group Limited	873	£24,606,000	873	220	£24,606,000	£37,681	0	£0	100%
Newlon Housing Trust	222	£7,294,318	222	22	£7,294,318	£36,472	0	£0	100%
Notting Hill Housing Trust	2,250	£77,444,003	2,250	308	£77,444,003	£39,878	0	£0	100%
Octavia Housing	755	£23,980,012	718	114	£23,560,010	£39,007	37	£420,002	95%
One Housing Group Limited	423	£10,867,400	375	34	£9,777,400	£28,673	48	£1,090,000	89%
Orbit Group Limited	264	£6,594,806	264	57	£6,594,806	£31,859	0	£0	100%
Paddington Churches Housing Association	600	£30,125,697	437	0	£19,540,052	£44,714	163	£10,585,645	73%
Paradigm Housing Group Limited	440	£16,971,001	295	58	£9,160,340	£38,651	145	£7,810,661	67%
Paragon Community Housing Group Limited	155	£3,653,080	155	60	£3,233,080	£34,032	0	£420,000	100%
Peabody Trust	1,200	£33,018,883	968	389	£21,035,515	£36,331	232	£11,983,368	81%
Phoenix Community Housing Association	51	£2,720,863	0	0	£0	£0	51	£2,720,863	0%
Poplar HARCA Limited	126	£2,434,010	126	42	£2,434,010	£28,976	0	£0	100%
Riverside Housing Association Limited	58	£2,791,000	0	0	£0	£0	58	£2,791,000	0%
Sanctuary Housing Association	378	£12,402,709	378	96	£12,402,709	£43,981	0	£0	100%
Southern Housing Group Limited	201	£7,273,521	152	0	£5,775,269	£37,995	49	£1,498,252	76%
Swan Housing Association Limited	467	£9,393,780	195	-50	£4,851,400	£19,802	272	£4,542,380	42%
Thames Valley Housing Association Limited	250	£11,288,243	250	0	£11,288,243	£45,153	0	£0	100%
The Guinness Partnership Limited	376	£9,606,936	376	21	£9,106,936	£25,653	0	£500,000	100%
Viridian Housing	600	£14,400,000	540	195	£11,018,122	£31,937	60	£3,381,878	90%
Wandle Housing Association Limited	313	£15,494,046	313	0	£13,735,448	£43,883	0	£1,758,598	100%

Appendix 4: Mayor's Housing Covenant Programme allocations.

Mayor's Housing Covenant Programme - 2015-18 programme allocations and remaining allocations for 2014-15 onwards.								
Lead Partner Name (1)	Programme Allocations (3)				Programme homes (3)			
	£404,126,828	£234,157,333	£27,073,041	£665,357,202	18,034	10,227	654	28,915
	MHC 2015-18 Programme (4)	MHC Homes for Working Londoners and MHC Building the Pipeline programmes (2)	MHC Care and Support programme	Total Mayor's Housing Covenant allocation	MHC 2015-18 Programme	MHC Homes for Working Londoners and MHC Building the Pipeline Programmes	MHC Care and Support Programme	Total Mayor's Housing Covenant Homes
A2Dominion London Limited	£4,060,738	£1,614,200	£0	£5,674,938	215	88	0	303
Affinity Sutton Group Limited	£8,380,000	£11,879,546	£0	£20,259,546	591	440	0	1,031
Agudas Israel Housing Association Limited	£1,903,650	£0	£0	£1,903,650	36	0	0	36
Almshouse Consortium Ltd	£900,000	£0	£0	£900,000	18	0	0	18
AmicusHorizon Limited	£10,615,876	£1,964,000	£0	£12,579,876	330	54	0	384
Barnet Homes	£2,465,000	£0	£0	£2,465,000	101	0	0	101
Catalyst Housing Limited	£1,954,124	£931,766	£0	£2,885,890	379	161	0	540
Circle Anglia Limited	£14,708,699	£1,898,874	£0	£16,607,573	606	93	0	699
East Thames Group Limited	£16,158,032	£13,230,500	£0	£29,388,532	624	731	0	1,355
Estuary Housing Association Limited	£2,868,000	£0	£0	£2,868,000	100	0	0	100
Family Mosaic Housing	£4,522,000	£8,756,000	£0	£13,278,000	458	329	0	787
Grainger Trust Ltd	£5,645,000	£0	£0	£5,645,000	195	0	0	195
Hanover Housing Association	£2,335,000	£0	£525,000	£2,860,000	171	0	10	181
Haringey London Borough Council	£2,934,488	£2,340,000	£0	£5,274,488	104	94	0	198
Hexagon Housing Association Limited	£8,921,268	£2,956,612	£0	£11,877,880	200	122	0	322
Home Group Limited	£8,170,000	£0	£0	£8,170,000	499	49	0	548
Hyde Housing Association Limited	£12,550,095	£0	£0	£12,550,095	550	0	0	550
Islington and Shoreditch HA Ltd	£14,826,712	£2,920,230	£134,976	£17,881,918	506	118	7	631
Leicester Housing Association Limited	£7,830,400	£1,666,000	£965,250	£10,461,650	348	163	39	550
London & Quadrant Housing	£18	£6,812,500	£0	£6,812,518	376	361	0	737
London Borough of Brent	£4,358,000	£0	£0	£4,358,000	100	0	0	100
London Borough of Camden Council	£977,034	£16,430,000	£2,854,015	£20,261,049	36	646	61	743
London Borough of Croydon	£2,960,000	£2,580,000	£0	£5,540,000	100	104	0	204
London Borough of Ealing	£380,000	£3,151,000	£0	£3,531,000	10	103	0	113
London Borough of Enfield	£7,775,000	£1,525,000	£315,000	£9,615,000	235	61	6	302
London Borough of Greenwich	£1,620,000	£1,410,000	£180,000	£3,210,000	30	100	6	136
London Borough of Havering Council	£3,000,000	£1,822,501	£456,000	£5,278,501	105	62	16	183
London Borough of Hounslow	£4,950,000	£3,261,524	£1,980,000	£10,191,524	158	218	60	436
London Borough of Lambeth	£10,899,000	£0	£2,829,000	£13,728,000	303	0	69	372
London Borough of Lewisham	£6,140,000	£500,000	£2,295,000	£8,935,000	164	25	51	240
London Borough of Redbridge	£1,653,913	£1,222,409	£2,459,400	£5,335,722	64	50	60	174
London Borough of Tower Hamlets	£3,960,000	£9,770,000	£0	£13,730,000	132	235	0	367
London Borough of Waltham Forest	£9,695,000	£791,000	£436,500	£10,922,500	387	56	9	452
Major Housing Association Ltd	£2,600,000	£265,000	£0	£2,865,000	80	15	0	95
Metropolitan Housing Trust Limited	£9	£0	£0	£9	616	61	0	677
Moat Homes Limited	£18	£3,726,130	£0	£3,726,148	220	32	0	252
Network Housing Group Limited	£22,726,000	£2,010,347	£3,480,000	£28,216,347	873	225	92	1,190
Newlon Housing Trust	£4,994,318	£0	£945,000	£5,939,318	222	0	20	242
Notting Hill Housing Trust	£59,319,003	£32,939,834	£0	£92,258,837	2,250	1,612	0	3,862
Octavia Housing	£18,347,667	£2,960,000	£357,500	£21,665,167	718	104	13	835
One Housing Group Limited	£8,172,400	£7,580,000	£3,000,000	£18,752,400	375	246	50	671
Orbit Group Limited	£5,640,000	£2,897,500	£0	£8,537,500	264	125	0	389
Paddington Churches HA Ltd	£8,725,826	£0	£0	£8,725,826	437	0	0	437
Paradigm Housing Group Limited	£8,660,000	£0	£280,000	£8,940,000	295	0	6	301
Paragon Community Housing Group Limited	£1,990,001	£312,000	£250,000	£2,552,001	155	12	4	171
Peabody Trust	£20,235,515	£404,393	£0	£20,639,908	968	244	0	1,212
Poplar HARCA Limited	£1,416,010	£1,833,000	£0	£3,249,010	126	147	0	273
Sanctuary Housing Association	£11,644,000	£0	£0	£11,644,000	378	0	0	378
Southern Housing Group Limited	£3,810,000	£2,385,000	£0	£6,195,000	152	75	0	227
Swan Housing Association Limited	£4,851,400	£0	£0	£4,851,400	195	0	0	195
Thames Valley Housing Association Limited	£4,400,008	£396,000	£0	£4,796,008	250	52	0	302
The Guinness Partnership Limited	£8,610,006	£803,943	£0	£9,413,949	376	102	0	478
Viridian Housing	£7,243,600	£812,000	£302,400	£8,358,000	540	120	9	669
Wandle Housing Association Limited	£10,624,000	£0	£0	£10,624,000	313	0	0	313
Phoenix Community HA Ltd	£0	£2,601,830	£0	£2,601,830	0	60	0	60
London Borough of Barking and Dagenham	£0	£2,082,035	£910,000	£2,992,035	0	86	26	112
London Borough of Harrow	£0	£708,800	£0	£708,800	0	51	0	51
London Borough of Islington	£0	£4,253,500	£1,038,000	£5,291,500	0	204	13	217
Newham Council	£0	£1,100,000	£0	£1,100,000	0	60	0	60
L B Southwark	£0	£6,778,021	£0	£6,778,021	0	285	0	285
London Borough of Wandsworth	£0	£390,000	£0	£390,000	0	13	0	13
Forest YMCA of East London	£0	£395,537	£0	£395,537	0	105	0	105
City YMCA, London	£0	£3,335,540	£0	£3,335,540	0	170	0	170
West London YMCA	£0	£415,020	£0	£415,020	0	84	0	84
Lambeth & Southwark HA Ltd	£0	£276,840	£0	£276,840	0	9	0	9
Gallions Housing Association Limited	£0	£9,226,893	£0	£9,226,893	0	232	0	232
Richmond Housing Partnership	£0	£360,000	£0	£360,000	0	0	0	0
St Mungo Community HA Ltd	£0	£3,262,000	£0	£3,262,000	0	73	0	73
Habinteg Housing Association Limited	£0	£1,095,900	£0	£1,095,900	0	39	0	39
YMCA London South West	£0	£2,900,000	£0	£2,900,000	0	197	0	197
Berkeley Homes Plc	£0	£2,590,000	£0	£2,590,000	0	75	0	75
Telford Homes Plc	£0	£408,500	£0	£408,500	0	13	0	13

Continued/...

Appendix 4 Continued /

Mayor's Housing Covenant Programme - 2015-18 programme allocations and remaining allocations for 2014-15 onwards.								
Lead Partner Name (1)	Programme Allocations (3)				Programme homes (3)			
	£404,126,828	£234,157,333	£27,073,041	£665,357,202	18,034	10,227	654	28,915
	MHC 2015-18 Programme (4)	MHC Homes for Working Londoners and MHC Building the Pipeline programmes (2)	MHC Care and Support programme	Total Mayor's Housing Covenant allocation	MHC 2015-18 Programme	MHC Homes for Working Londoners and MHC Building the Pipeline Programmes	MHC Care and Support Programme	Total Mayor's Housing Covenant Homes
City West Homes (SPV)	£0	£2,336,000	£0	£2,336,000	0	73	0	73
Pocket Living Limited	£0	£19,120,765	£0	£19,120,765	0	384	0	384
Royal Borough of Kingston	£0	£309,750	£0	£309,750	0	0	0	0
Anchor House	£0	£600,000	£0	£600,000	0	25	0	25
LB Bexley	£0	£200,000	£0	£200,000	0	10	0	10
SWLHP (London Borough of Croydon)	£0	£1,091,593	£0	£1,091,593	0	47	0	47
Oak Housing Limited	£0	£1,710,000	£0	£1,710,000	0	57	0	57
H&F Housing Development limited	£0	£2,650,000	£0	£2,650,000	0	100	0	100
Mill Asset Management Group	£0	£5,200,000	£0	£5,200,000	0	105	0	105
City of Westminster Council	£0	£0	£1,080,000	£1,080,000	0	0	27	27
The Abbeyfield Society	£0	£0	£0	£0	0	35	0	35

Notes:

- 1) Providers with new allocations for the Mayor's Housing Covenant 2015-18 Programme are denoted in grey.
- 2) MHC Building the Pipeline allocations include funding for extensions.
- 3) Allocations and homes for existing MHC programmes shows the remainings unit from 1 April 2014 onwards.
- 4) Further indicative allocations of £85.4m for the Revolving Fund proposed for stage 2 due diligence.

Appendix 5a: Assessment process for revolving fund

Initial Sift

- 1 The GLA conducted an initial sift of EOI in March 2014 to ensure proposals were appropriate for a revolving fund and that objectives could not be achieved through an alternative programme or different form of intervention. Those proposals deemed not advanced enough to enable the GLA to invest or not delivering the GLA's objectives were rejected. The remaining proposals were taken forward to the first stage of due diligence to be scrutinised further.

Due diligence: stage one

- 2 The GLA has now completed the scrutiny of proposals under the first stage of due diligence. Each bidding organisation submitted a detailed proposal setting out:
 - rationale for intervention and how GLA and local priorities are being delivered,
 - required level and type of investment needed,
 - how investment will be protected, then recycled to increase housing supply, and finally repaid to the GLA,
 - number of homes delivered and how these will be affordable to working Londoners,
 - number of jobs created and apprenticeships started as a result of the investment made through the fund,
 - how homes will achieve the London Housing Design Guide standards,
 - how proposal/bidder will leverage in other private or public investment into housing in London to increase supply and improve affordability.
- 3 Following a structured interview with each bidder to clarify and scrutinise intentions, the GLA scored proposals against the following key metrics, which were weighted as indicated:
 - Outputs and outcomes (25% of total score)
 - Investment and return (60% of total score)
 - Deliverability (15% of total score)
- 4 In considering the three categories, the weighting attached and the general nature of all the bids that were taken from the initial sift to stage 1 it was agreed that the pass mark would be 60%.
- 5 Proposals achieving the minimum pass mark are recommended to progress to the second and final stage of due diligence to begin from July 2014.
- 6 Stage two of due diligence process will focus on:
 - Agreeing Heads of Terms;
 - Independent advice to ensure proposal is compliant with legal, regulatory, and EU State Aid matters;

- Organisations financial good standing,
- Proposals financial/technical terms

Objectives & Expected Outcomes

7

The revolving fund proposals will:

- contribute to the Mayor's target to deliver 45,000 low cost homes from 2015 through to 2018;
- contribute towards the Mayor's ambition to deliver at least 15,000 affordable homes per annum for the next ten years, set out in the Mayor's 2020 vision;
- contribute to helping around 110,000 households into low cost homes;
- increase opportunities for working Londoners to access home ownership in the capital;
- ensure new homes delivered meet the London Housing Design Guide principles;
- help deliver the Mayor's election manifesto to create 200,000 jobs in London over the Mayoral term;
- create long-term certainty of funding that will not only increase overall housing supply, but provide a platform to further increase institutional investment into housing in London.

Appendix 5b: Revolving fund recommendations to be taken forward into detailed due diligence

- I. In total, expressions of interest in a revolving fund were received from 12 organisations seeking total funding of £286.6m to deliver 8,192 homes.
- II. This MD approves taking the below proposals to stage two of due diligence, seeking support of up to **£85.4m of investment to deliver 3,273 homes**. This investment would **leverage in a further £157m of private finance** into housing in London. Proposals to be rejected total £201.2m for 4,919 homes.
- III. Given the nature of the revolving fund investment, bidders have also proposed an indicative number of homes that may be delivered through the recycling of the initial investment and subject to fund performance. Recommendations to take proposals to stage two of due diligence are projecting to deliver **a further 4,930 homes, in the main, by 2025**.
- IV. In addition to homes delivered, the recommendations to take proposals to stage two of due diligence are projecting to **create up to 14,666 jobs/apprenticeships** over the course of the fund term. These are outlined in the table below.

Bidder	GLA investment requested	Total 'other' investment leveraged into Housing through fund	No. of homes delivered (firm)	No. of homes delivered (indicative)	TOTAL <u>maximum</u> expected homes delivered through fund	Jobs/Apprenticeships created
Big Issue	£10,000,000	£1,500,000	200	200	400	100
Gentoo	£40,000,000	£72,500,000	500	1,500	2,000	3,000
LB Croydon	£10,000,000	£23,000,000	2,123	2,030	4,153	8,066
LB Hammersmith	£5,400,000	£15,389,000	200	200	400	1,000
Mill Group Bid 1	£20,000,000	£45,000,000	250	1,000	1,250	2,500
TOTALS	£85,400,000	£157,389,000	3,273	4,930	8,203	14,666

Appendix 5c: Summary of GLA scoring of proposals against criteria

Methodology: Each category has five indicators that are scored. The maximum score for each category is 25, with total scores weighted according to the percentage assigned to the category e.g. Outputs and Outcomes total scores are weighted at 25%.

The final overall score is out of 25, with the GLA setting a **benchmark of 60% as the pass mark** required to take proposals forward to the second stage of due diligence.

Bidder	Output and Outcomes - 25% <i>(max score 6.25)</i>	Investment and Return - 60% <i>(max score 15)</i>	Deliverability 15% <i>(max score 3.75)</i>	Total Score <i>(max score 25)</i>	Total Score <i>(pass mark 60%)</i>	
Gentoo Genie	5.25	11.40	2.55	19.20	77%	
LB Hammersmith & Fulham	5.25	10.20	2.85	18.30	73%	
Mill Group <i>(Bid 1)</i>	5.75	9.00	1.95	16.70	67%	
LB Croydon	5.25	9.00	2.25	16.50	66%	
Big Issue Invest	3.75	7.80	3.45	15.00	60%	
LB Waltham Forest	4.25	7.80	2.25	14.30	57%	<i>Bids below this line are recommended to be rejected.</i>
Mill Group <i>(Bid 3)</i>	5.25	6.60	2.25	14.10	56%	
Places for People	4.25	6.60	2.55	13.40	54%	
Mill Group <i>(Bid 2)</i>	2.75	6.60	2.85	12.20	49%	
Asset Trust	4.75	5.40	1.95	12.10	48%	

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

Publication deferred until formal allocation letters sent to delivery partners.

Until what date: (a date is required if deferring): 15 August 2014

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Tajmina Jetha has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Jamie Ratcliff has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Richard Blakeway has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date