

The Mayor's Care and Support Specialised Housing Fund - Phase 2



Department
of Health

MAYOR OF LONDON

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Mayoral Foreword

London's population is booming. This year the capital became home to 8.6 million people – the highest in its history. While London remains a relatively young city, its rising population includes a significant growth in older Londoners.

This presents a great opportunity for London, in particular the potential to include specialised housing for older people and disabled adults within our town centre regeneration programmes. In addition to specifying in the London Plan the first building targets for specialist housing for older people in London boroughs, two years the GLA launched the first phase of the Mayor's Care and Support Specialised Housing Fund. This committed £40 million to specialised affordable housing for London's older people and disabled adults.

We are now launching a second phase in order to deliver the kind of homes that older and disabled people choose to live in and which reflect the diversity of their needs and aspirations.

Over recent years the choice that older and disabled adults have to purchase a specialised home in the capital is limited. We need to be able to answer some serious questions: If an older person or couple is thinking about moving, do they have a wide enough choice of suitable housing? Are developers and providers offering what older and disabled people want? Is the lack of choice the main reason that older and disabled adults remain in inappropriate housing?

Our housing needs do not stay the same throughout life but some homeowners have been isolated or trapped in the same property under occupied for years leading to a detrimental impact on their health and well-being due to lack of choice of appropriate accommodation. Housing associations have looked to grasp this issue in the affordable sector and now through this fund I wish to see the private sector truly engage with this demographic challenge. Equally those adults that are working and lead independent lives with a disability but need specialised housing require and deserve a greater choice of adapted homes.

This programme aims to stimulate and broaden the market, recognising that an older and disabled population is a housing challenge as well as a care and health challenge. The investment into these homes will be dynamic over the lifetime of this fund, being reinvested once sold back into additional supply to bolster the imbalance between supply and demand in this sector.

It is important that we start planning now to meet the future challenge of a population who will live longer and have greater care needs. The market options currently available needs to expand and this funding goes some way to encouraging new developers and enabling a wider range of new opportunities for the provision of private market housing for the older and disabled population of this great city.



A handwritten signature in black ink, which appears to read "Boris Johnson". The signature is written in a cursive style with a long horizontal line extending to the right.

Boris Johnson
Mayor of London

Ministerial Foreword

The Care and Support Specialised Housing Fund, launched in October 2012, is part of the biggest reform of the care and support system in 60 years. The Care Act sets out a powerful framework, shifting the care and support system from one that responds only when people are in crisis, to one that focuses on wellbeing, and an individual's ability to live independently for as long as possible; a valuable shift from intervention to prevention.

Suitable housing is a vital part of wellbeing, as defined by the Care Act. It offers positive solutions for those with care needs who want to continue living in – and potentially owning – their own property, remaining as independent as possible for as long as possible in an environment suited to their changing needs. We know that living in well-designed specialised housing can be instrumental in improving the health and wellbeing of many people.

Organisations in the health, care and housing sectors have recently agreed to a step change in terms of their collaboration and have developed a pioneering Health and Housing Memorandum of Understanding. This will support the principles and aims of the fund and encourage joint action on improving health through the home and improving integration between health and social services.

Phase 1 of the Care and Support Specialised Housing Fund is already showing success in meeting the need for affordable specialised housing for older people and disabled adults. The Greater London Authority (GLA) and the Homes and Communities agency have already allocated funds for over 4,000 specialised homes to be built as part of Phase 1.

The country still needs more well-designed and innovative specialised housing to keep pace with the needs of our ageing population and others in need of care and support. The specialised market as a whole needs stimulation and greater awareness of the opportunities offered by specialised housing. The launch of Phase 2 of the Fund will build upon the successes of Phase 1, widening the impact of the Fund within London to stimulating the private specialised housing market.

I am delighted to be able to work with the Greater London Authority and the Mayor on Phase 2 of the fund which promises to use innovative financial tools to deliver the stimulation needed in the private specialised housing market. The GLA will continue to build upon the work of Phase 1 in the affordable housing sector by providing capital grants.

I am pleased that this Phase of the fund will look to provide specialised housing for those living with mental health conditions and learning difficulties, as part of fulfilling

the Government's "Closing the Gap" commitments. We look forward to working with mental health providers and other groups in the mental health sector to promote partnerships for these important client groups and maximise engagement. We hope that this will build upon the expertise offered to the Department by the Mental Health and Housing Forum.

I want to encourage as many developers as possible to apply to the scheme. This is an excellent opportunity to develop a buoyant specialised housing market in both the affordable and private sectors, that can respond positively to demand, allowing more people to make the housing choices they want in order to live a more independent life.

A handwritten signature in black ink, appearing to read "Norman Lamb", with a horizontal line underneath.

Norman Lamb

Minister of State for Care and Support

1 Introduction

1. The Mayor's Housing Covenant has invested in numerous housing options to address the wide range of needs across London which has included a very successful first phase of investment in the Care and Support Specialised Housing Fund. It is clear though, that specialised housing for older people and disabled adults needs to expand further to better meet the needs of this community, helping people to live independently and facilitating more effective integrated health and social care support.
2. This new second phase of the fund aims to stimulate the private market to provide additional solutions to enable existing homeowners to down size into more appropriate market housing solutions that better meet their needs in later life, whilst still representing good value for money. In addition, it looks to encourage the development of homes for those who may wish to purchase a specialised home that better suits their physical disability or mental health needs.
3. This funding is to be focused on developments in and around town centres, across mixed tenure developments, those that incorporate modern smart technology that enhance and improve the health and well-being of the owner and where possible look to foster partnerships with surplus public sector land owners particularly with the NHS.
4. London is still a relatively young city but is aging fast. Over 65 years olds will increase to 1.5m by 2036 with 90,000 more people that will be over the age of 90. London is also home to 1.2m disabled adults with just half of whom are older people. There are also some 65,000 Londoners with dementia and this is set to rise to 75,000 by 2021.
5. Both the London Plan and the 'Accessible London' Supplementary Planning Document place emphasis on better and more innovative approaches to the needs of older and disabled Londoners, offering a wider choice of homes with a better match between what people want and need.
6. Research¹ suggests that only around 10-15% of older households appear likely to want to move into specialised older persons schemes and the average age for moving into this accommodation has increased. Most of the current specialist housing is in the affordable sector, (the focus for Phase 1 of this fund) but in the future most of the requirement for specialised housing will come from home owners.
7. Relatively few specialist housing units are being developed each year to meet the needs of these groups and the market remains fairly undeveloped. This is particularly the case for those who have an aspiration to own their own home,

¹ 'The role of the planning system in delivering housing choices for older Londoners' Cambridge Centre for Housing and Planning Research Three Dragons, Land Use Consultants and Heriot Watt University, December 2012.
<https://www.london.gov.uk/sites/default/files/Housing%20choices%20for%20older%20Londoners.pdf>

- or are current home owners and wish to downsize into more appropriate accommodation or shared ownership housing.
8. Many older homes owners in London could potentially afford to buy a one bed sheltered flat but there are clearly competing pressures such as the need to pay for care. Extra Care housing schemes are expensive and unaffordable to many home owners.
 9. It is estimated that to meet London's growing demand between 3,600 and 4,200 new specialist homes are required per annum between 2015 and 2025². At the mid-point, this equates broadly into 2,600 private homes, 1,000 shared ownership homes and 300 new affordable homes.
 10. London boroughs will be incentivised for the first time through the planning system with annual indicative benchmarks for the level of provision for older people across all tenures. In order to widen the choice of residential environments for older people, boroughs should encourage 'mainstream' housing developers to extend their product range to meet specialist needs.
 11. Phase 2 of the Mayor's Care and Support Specialised Housing Fund aims to invest up to £35m to stimulate existing and new development partners to find new housing solutions for the older and disabled population of London.

² Further Alterations to the London Plan March 15 GLA.
<https://www.london.gov.uk/sites/default/files/London%20Plan%20March%202015%20%28FALP%29.pdf>

2 Funding Objectives

12. The aim of phase 2 of the fund is two-fold. Firstly; to enable older Londoners to live independently, access care and grow older in the same place through flexible, well designed and innovative housing solutions; and equally provide more choice for disabled adults to have specialised housing options to better suit their needs. Secondly, to stimulate delivery in the private market by encouraging new – as well as existing - entrants into the sector to increase the private provision for this client group across the capital.
13. This fund recognises that the delivery of private homes for older people has different drivers, restrictions and funding needs to the delivery of affordable homes and expressions of interest were sought in 2013 from partners asking how they might stimulate the supply of specialised private market housing.
14. Responses suggested that developers faced a range of barriers in increasing supply in the private sector and this fund looks to address these challenges, facilitating and investing in a range of market facing products tailored to the needs of older and disabled adults.
15. The fund will stimulate the private specialised housing market across the capital by:
 - Providing up to £35m of development finance or grant to increase the supply and choice of private and affordable housing options for older and disabled adults.
 - Improving the appeal of specialised housing options to a wider range of individuals by increasing the variety, quality and number of private housing units available, particularly for sale;
 - Supporting new and innovative types of specialised and supported housing which will support individuals and local communities by locating supply in desirable locations where people would choose to live such as town centres and in newly designated Housing Zones ³;
 - Encouraging innovation in the specialised home by utilising improved smart home technology that can improve the health and well-being of the owner through tailored support such as enabling domestic task automation, easier communication and higher security;
 - Improving joined-up working at a local level between local authorities, housing developers, health professionals, social services and local planners. This will result in a legacy of good practice and local analysis of need that can inform and sustain the development of specialised housing.

Target Client Group

16. The range of housing for older persons across the country varies from over 55s developments, retirement villages, extra care/assisted living or sheltered retirement communities. It is notable that within the last 18 months construction

³ <http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/housing-zones>

has started on several significant luxury housing schemes for older people in prime central London.

Although this may illustrate the demand for this provision, the high cost means that it is an option only for a small minority. Therefore the homes delivered from this programme should be made as affordable as possible, with an expectation that open market values will, where possible, be below London average house prices.

17. The key target audience is likely to be existing homeowners, who are over 55 and are looking to downsize into a more appropriate home that will better meet their needs in later life.
18. Equally the programme of funding is focused on the needs of adults with learning, physical or sensory disability and/or those with mental health problems. Targeted at individuals that require a better choice of specialised housing adapted to address their disability or mental health problems.

Affordable Options

19. In addition, the GLA welcomes bids for funding to support specialised affordable housing where the homes are being delivered on mixed tenure schemes alongside private market housing. We are particularly interested in proposals which increase shared ownership opportunities for older people and disabled adults.
20. Further information on the affordable housing element of Phase 2 is contained on page 38 of this prospectus.

3 Who Should Bid?

21. Up to £35m is available in total for this fund and bids are invited from new and existing developers, for funding which is available for three years starting from 1st April 2015. All homes must be completed by the end of 2018.
22. We welcome bids from all organisations interested and able to deliver private specialised housing for older people and/or adults with disabilities, including providers looking to enter this sector, both public and private.
23. Bidding organisations could include:
 - Providers already working in the field of specialised private sector housing for these client groups;
 - Private sector developers who are not currently providing specialised housing for these client groups;
 - Public, third sector and not for profit providers such as housing associations and community groups
 - Public sector land owners seeking land assembly assistance to accelerate delivery of the fund's objectives in partnership with other development partners and the GLA.
 - Private, public or third sector providers interested in developing co-housing or other innovative tenures and designs for the private market.
24. The Department of Health and the Mayor are keen to encourage partnerships between different types or groups of providers and across sectors. We are also interested in supporting innovative partnerships between housing providers and other organisations providing care, support or specialist expertise.
25. We wish to work in partnership with the owners of public land across London to help them to bring their under-utilised land back into use for the maximum public benefit. For example, we are particularly interested in proposals to deliver specialised accommodation on NHS, Clinical Commissioning Group and NHS Trust land.
26. We are interested in potential partnership approaches with interested local authorities on land where the borough has existing facilities that are outdated and that would benefit from project assistance, for example with land assembly or other enabling costs, perhaps linked to wider estate regeneration or other renewal plans.

Investment Partners and Registered Providers

27. Bidding is open to all organisations who are, or intend to become, qualified as GLA Investment Partners. This includes housing associations, local authorities, private sector developers and community groups. Organisations not already qualified as Investment Partners with the GLA will need to submit an application for qualification.
28. Applications for Investment Partner status assess an applicant's financial and technical capacity to undertake an agreed programme of new supply, and the

organisation's good standing. Providers must have achieved GLA Investment Partner status before any payment of funding can be made.

29. Further information on the Investment Partner qualification and requirements for application can be requested by emailing cpq@london.gov.uk
30. For community led organisations, we will seek to ensure that our assessment processes are proportionate to the scale of funding sought to improve access to funding for community organisations where proposals meet an identified need and offer value for money.

4 Types of Housing Covered by the Fund

Housing for older people

31. The Fund is aimed in part at supporting development of specialised housing designed specifically with older people aged 55 and over, including opportunities attractive to those who are looking to downsize or to release the equity they have in their current home.
32. All housing provided for older people through this fund should consist of individual dwellings, each with their own front door. Funding is not available to support the development of traditional residential care homes or for general needs housing developments that are restricted to older people but which include no specific features to ensure that the housing is able to meet the longer-term needs of residents.
33. Eligible bids do not need to include access to personal care and/or support but bidders should carefully consider and design for flexibility and adaptability to increase the level of care and/or support within the home as individuals' needs change.
34. This programme is seeking to support innovation in design and provision to secure beneficial long-term outcomes for residents and we do not wish to prescribe particular design features or standards beyond those currently set out in the Mayor's London Plan and supplementary guidance.
35. For the purpose of this programme, bidders are expected to focus on specialised housing models as illustrated within the spectrum of care in the Housing our Ageing Population: Panel for Innovation (HAPPI) Report. This includes models such as Extra Care, sheltered housing or retirement villages.

More information is available at

<https://www.gov.uk/government/publications/housing-our-ageing-population-panel-for-innovation>

36. Additionally, bids which provide innovative housing opportunities for older people, including independent living for those suffering from dementia, or for those wanting to provide mutual support through community-led housing models, are acceptable. Such bids are welcomed where they meet the programme objectives and include some of the required features listed below.
37. Bids are expected to include the following features:
 - Flexibility to adapt or install equipment or assistive technology in the home;
 - Varying level of personal care and support available to individuals, including access to GP or other health services. This might be provided directly as part of the scheme or through locating the scheme near easily accessible and appropriate local facilities;
 - For housing for older people, appropriate communal areas must be included, for example, a shared lounge or community space.

38. Funding is also available for specialised dementia developments, in line with the Prime Minister's Challenge on Dementia. For further information on this form of housing, prospective bidders may wish to refer to the Housing Learning and Improvement Network (LIN) guidance for assistance in the design of their schemes, at www.housinglin.org.uk/Topics/browse/HousingandDementia/Provision/

Housing Adults with Disabilities or Mental Health problems

39. Proposals are welcomed for specialised housing for individuals who fall under one or more of the following client group headings:
- People with learning disabilities, including autism;
 - People with physical or sensory disabilities;
 - People with mental health problems.
40. The fund is expected to help contribute towards housing for adults (18+) with disabilities or mental health problems that will support greater independence. This includes both semi-independent and independent living, provided the housing units are in some way tailored to meet current and future individual needs. To this end, the provision of personal care and support as an integral part of the development is not a requirement for all proposals, since many adults with disabilities may only require accessible or suitably adapted homes. It is recognised that, depending on the planned care needs of the residents, wheelchair adapted homes would not necessarily require on-site or on-call care and support services.
41. Similarly, for adults with mental health problems, any care packages on offer would have to be tailored to the individual tenant or home owner's needs, but there may not be a need for personal care.
42. Bidders should demonstrate how their proposed scheme would meet individual requirements for care and/or support for the people they are intended.
43. Bids are welcomed which offer supported housing for adults with disabilities or mental health problems, including housing specifically designed for people with learning disabilities or autism.
44. Schemes should be for individual dwellings with their own front door and as a minimum we would expect designs to include sufficient space and flexibility to ensure that they remain accessible and liveable over time as needs change. This may include, for example, having space and flexibility to house carers, family or partners at different points in time.
45. These schemes should include:
- Individual dwellings with their own front door (see 45);
 - Flexibility to adapt or install equipment or assistive technology in the home;

- The potential for varying level of personal care and support available to individuals, including access to a GP or other health services. This might be provided directly as part of the scheme or through locating the scheme near easily accessible and appropriate local facilities.
46. Some schemes for people with mental health needs or learning disabilities who would more suitably be housed in a shared home with care will be considered in this round by exception. Bidders intending to bring forward schemes of this nature should include within their supporting statement details of how the design of the shared accommodation has been developed to support people to increase their independence and well-being. It is not expected that these homes will be large multi-unit buildings.

Remodelled existing housing

47. Proposals to remodel existing private housing schemes are acceptable where the proposals fulfil the criteria described above and the scheme can be shown to represent good value for money. However the over-arching ambition of the programme is to increase overall supply.
48. If such a conversion is of a public facility to a mixed used affordable and private scheme it will be subject to local authority agreement that the existing scheme is no longer suitable for use by people in the area and that the remodelled project will meet local needs over the long term.

5 Funding Options

49. The investment will available on a recoverable commercial basis either by way of loan or equity participation, and is available to cover eligible development costs. All investment must be State Aid compliant. The GLA will seek to structure its investment in the ways set out below. These are designed to ensure the Fund design complies with EU State Aid rules.
- **Loans – on commercial terms** –The interest rate will be calculated using state aid compliant interest rate plus a margin which takes into account an assessment of creditworthiness and collateralisation. Interest will be added to the loan from the date of drawdown of the funding and ideally serviced on regular intervals (annual/quarterly)
 - **Equity – on a pari passu basis** – the GLA invests alongside the developer's equity investment. The GLA will not invest more equity than the developer. Once any loans are repaid, project receipts are shared proportionately between the GLA and the developer.
 - **Grant** - to support specialised affordable housing where the homes are being delivered on mixed tenure schemes alongside private market housing and enable the whole scheme to be delivered (see page 38)
50. The level of investment offered by the GLA, at the end of the due diligence process will be based on the GLA's view of the minimum necessary for the project to proceed and of recoverability, and a maximum of 65% of the eligible development costs. Both the quantum and type of investment offered by the GLA will be based on the GLA's appraisal of the project and might be less than the funding sought.
51. The GLA is also interested to work with prospective partners in accelerating the delivery of homes to meet these objectives by using the investment to acquire sites. This may be by drawing down GLA investment early in the process to fund acquisition, remediation or demolition, or could involve a partnership with a public sector land-owner.
52. All bidders must ensure that their schemes will be ready to achieve draw down of the GLA's investment between June 2015 and March 2018.
53. All units of schemes benefiting from grant funding must be completed by 31 March 2018. Those in receipt of loan or equity should endeavour to complete by the end of March 2018. However should this not be achievable then this needs to be explained clearly in the covering statements on Deliverability with a rationale as why flexibility in completing should be awarded.
54. Other key terms will include:
- The GLA may require that funding be drawn down against defined and evidenced qualifying expenditure.
 - The GLA's liability will be limited to the value of its initial investment.
 - All GLA investments will be secured appropriately, usually through a charge on sites

- The GLA will aim to achieve a first charge in all instances and where there are other lenders are involved in the scheme an intercreditor deed (ICD) will be required.

6 How to bid

55. All bidders are required to submit a full but concise statement for funding detailing the following information in this section as part of their bid which is to be sent to phase2mcsfh@london.gov.uk by noon June 30th 2015
56. Bidders are also required to download the bidding spreadsheet from the link below complete and return with their supporting statements
- <http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/the-mayor-s-care-and-support-specialised-housing-fund>
57. Bidders will be required to submit the following information:
- Details of the bidding organisation
 - Information about the schemes/sites for which they are applying for funding, including
 - i. Number, size and forecast sales or rental profile of the properties;
 - ii. Client groups to be housed;
 - iii. Breakdown of costs;
 - iv. Details of the funding sought, including type of investment and amount required and an outline of how this will be repaid.
 - v. Evidence of fit with local strategic priorities including details of evidenced need and/or demand within the local area
 - vi. Description of the proposed design including details of how the design allows for flexibility of use as the homeowner's or tenant's needs change and how the scheme is meeting good practice on design for the client group.
 - vii. Evidence of expected revenue funding, including evidence of agreed public funding where it is available.
 - viii. Overview of planning status and development programme.
58. In addition to the above scheme specific information bidders are also required to submit the following information;
- Most recent set of finalised, audited accounts;
 - Equalities statement - setting out how your proposals will further the Mayor's housing objectives contained in Equal Life Chances for All, available at
- <https://www.london.gov.uk/priorities/equalities/publications/equal-life-chances-for-all-2012>

- Schedule for repayment of loan, including interest payment offer, confirming whether an annualised interest payment is proposed or the bidder would prefer to roll up the interest (noting that the rate would therefore be compounded). Providers who prefer the latter will be required to submit a clear justification which the GLA will consider as part of its risk assessment. It should be noted that providers who would prefer a rolled-up interest may only be offered a loan on the basis of annualised interest payments. The GLA's decision on this will be final.
- Proposed security to be offered to the GLA for the loan/equity requested.

Supporting Statements (linked to the assessment criteria pg. 30)

Fit with local strategic priorities

- Evidence of local authority support
- Evidence that the proposal is in line with priorities outlined in the local authority's strategic needs statements or other evidence to show fit with local housing, health and wellbeing needs and strategic priorities

Sustainability

- Description of how the design of the scheme allows for flexibility of use in the future including an exit strategy
- Evidence of expected revenue funding, including evidence of agreed funding where available with additional comments of how the care package and service charges are set and administered on mix used affordable and private schemes.
- Description of the level and type of care and/or support provided and links with local services and amenities

Design statement

- Description of the proposed design, including site and floor plans where appropriate, to show how the scheme will help older or disabled residents to achieve an optimal quality of life within their homes, including consideration of their future needs
- This statement should outline how the scheme meets the Mayor's housing design standards as applicable, and clearly demonstrate where the scheme is meeting current good practice, for example by including a response to the ten HAPPI design principles. It should also provide examples of innovative design elements that will enable the owner or tenant to live independently, with support where necessary, for as long as they wish

Employment & skills statement

- Description of how the proposed scheme or programme of will support employment and skills opportunities in the local area schemes (only one

employment and skills statement is required per bidder regardless of how many individual schemes they are bidding for).

Deliverability

- How does the GLA investment ensure the viable delivery of the scheme
- Rationale for completions after March 2018.
- Certainty of delivery through planning status, ownership and other funding in place.
- Examples of previous schemes or comparable size scale and cost of schemes delivered

7 Shortlisting, assessment and due diligence

Shortlisting

59. Applications for funding will be assessed by the GLA in a two stage process:

- Initial assessment leading to shortlisting; and
- Due diligence

Assessment

60. The initial assessment will use the following key criteria:

- Eligibility
- Value for money
- Deliverability
- Fit with local strategic priorities
- Innovation
- Design and Quality
- Sustainability

61. Assessment will be on a scheme by scheme basis, with decisions made on each scheme separately. This may lead to providers receiving funding for some of their schemes and having others rejected or put on a reserve list.

Eligibility

62. All schemes must be:

- In Greater London
- For older people, adults with physical disabilities, adults with learning disabilities including autism or adults with mental health needs and include specific or specialised features relevant to the needs of the client group.
- For private market sale or rent (bidders wishing to access funding for affordable housing, including shared ownership, should refer to page 38 of this document)

Value for money

63. The GLA will assess bids based on the value for money that they demonstrate to ensure that the programme can deliver maximum impact for the funding available.

64. There is no set level of funding per unit or per scheme, whilst recognising the maximum eligible investment, reflecting the understanding that different forms or specialist housing and levels of care and/or support may require different levels of investment.

65. Schemes will not be funded if they have been in receipt of funding in previous programme or previous initiatives with London.

66. Bidders will be expected to demonstrate where they have maximised their other sources of funding, for example as a result joint working with local partners, to lessen reliance on funding from City Hall.
67. Bids will be welcomed that demonstrate a commitment to work with public bodies to use their land holdings in a mutually beneficial way that both secures land receipts and delivers specialist accommodation for the benefit of local communities. This may include, for example, using mechanisms where, following land disposal, a deferred land receipt can deliver increased value or improved project viability.
68. Bids should also set out how the proposal will contribute to the achievement of positive outcomes to homeowners and tenants and provide sustainable savings to local health, social care and housing budgets.

Deliverability

69. This Fund will run for three years from 2015/16 to 2017/18. All funding must be drawn down by 2017/18 and all schemes must endeavour to complete by 31 March 2018.
70. Priority will be given to schemes which have already achieved, or are well advanced in the process of achieving, planning consent and so are more likely to deliver in the timescales available. We recognise, however, that some new and more innovative schemes may be at an earlier stage of development, in which cases we will seek reassurance that the schemes can deliver in the timescales available but if an extension to the timescale may be required this case must be made at bid stage.

Fit with local strategic priorities

71. The Department of Health and the GLA will require assurance that proposals are in line with locally identified strategic priorities.
72. Since April 2013, Health and Wellbeing Boards have been established across the country. They are the place where local health and social care commissioners, including the local NHS, develop joint leadership across health and care services, including influencing services which act upon health, such as housing. We would expect that proposed bids demonstrate evidence of buy-in by members of the local Health and Wellbeing Board, based on the opportunities for improving local health and wellbeing, as well as potential joint savings for local health, social care and housing budgets. We also expect that discussions will take place to explore which commissioners would be willing to contribute resources towards the proposal.
73. Of particular interest are proposals where bidders are engaged with NHS and Clinical Commissioning Group (CCG) partners and where the delivery of new specialised accommodation will help reduce the burden on stretched health and care budgets.
74. Bidders should provide information to demonstrate that their proposal is in line with priorities outlined in one of the following strategic needs statements or other evidence to show fit with local needs and strategic priorities.

Fit with Funding Priorities

75. **Strategic Housing Market Assessments** - As part of their local strategic housing policy, local authorities are expected to undertake assessment of the local housing market, including current and future trends for demand. Many local authorities undertake this in the form of Strategic Housing Market Assessment (SHMA), which should specifically take account of the demand for older people. Some authorities are undertaking a market position statement (MPS) which will incorporate an assessment of the local housing market.
76. Bidders should demonstrate how their proposal fits within the priorities of the local authority with reference to older people and adults with disabilities.
77. In March 2015 the Further Alterations to the London Plan, published new borough indicative annualised strategic benchmarks for specialised housing for older people (table A5.1)

<https://www.london.gov.uk/sites/default/files/London%20Plan%20March%202015%20%28FALP%29.pdf>

78. **Joint Strategic Needs Assessments and Joint Health and Wellbeing Strategies** - Health and Wellbeing Boards have a statutory duty to undertake Joint Strategic Needs Assessments (JSNAs), which assess the current and future health and social care needs and assets of the local community. Based on this they must develop Joint Health and Wellbeing Strategies (JHWSs), to address those identified needs, and these must underpin local commissioning plans across health and care services, and possibly beyond. Bids should contain clear references to evidence from their JSNAs and JHWSs, demonstrating how the completion of their proposed development will benefit their local community's health and wellbeing. Bids should also reference the relevant local plan(s) for the "Better Care Fund" - joint funding between CCGs and local government in order to improve care within the community for vulnerable people (DN we can provide a link to the planning guidance for this once published).
79. **Vulnerable and Older People Needs Assessment Toolkit** - Local authorities and Providers may also find the HCA Vulnerable and Older People Needs Assessment Toolkit useful in assessing the housing needs of local older people and adults with disabilities.

<https://signet.hca-online.org.uk/live/custom/login/vop.aspx>
80. In addition to confirming the fit with strategic priorities outlined above, local authorities may be asked to confirm the availability of revenue funding if this is required to support the proposal.

Innovation

81. There is a recognition that some of the best developments are designed using a degree of innovation employed in response to the local area or the needs of specific client groups. Bidders are encouraged to consider recent publications and research, to develop new ideas and concepts, and to build on appropriate good practice to develop schemes that are innovative in terms of design, delivery, management, tenure and location.

82. There is currently significant dialogue between the GLA and Local Authorities across the capital regarding the GLA's targeted area based investment through 'Housing Zones'. Many town centre locations are being proposed as Housing Zones and the provision of housing for older persons and or disabled adults in town centres can meet the requirements of proximity to transport local facilities and amenities.

<https://www.london.gov.uk/sites/default/files/London%20Housing%20Zones.pdf>

83. Solutions should have a positive effect on the long-term usability of homes for their residents and to offer good value to the programme as a whole including through making sustainable savings to local health, social care and housing budgets.
84. Proposals are welcome that challenge preconceptions of specialised housing opportunities – offering new housing types which may stimulate demand. Schemes that are located so that they can share existing local facilities and amenities or open up proposed facilities to a local community are encouraged.
85. Innovation may also include a consideration of different tenures and forms of housing such as mutual or co-housing development
86. For technical advice on delivering mixed use schemes there is a useful document from the Housinglin from 2014

http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Technical_briefs/HLIN_TechBrief_3_MixedTenure.pdf

Design and Quality

87. Bidders will be expected to demonstrate how the design of their proposals would help older or disabled adults to achieve an optimal quality of life within their homes including consideration of their future needs and any care and support needs.
88. The Government is expected to announce the outcome of its Housing Standards Review shortly. This will entail changes to all aspects of the current planning and building regulations regime, including Part M (Access to and use of buildings). The Mayor has worked with Government to ensure alignment between the proposed regime and that already operated in London. Proposals should therefore be developed in response to current regulatory and best practice standards.
89. However bids are expected to include some specialised features, which may include:
- Installation of, or the flexibility to adapt, equipment or assistive technology in the home;
 - Designs that include sufficient space and flexibility to ensure that they remain accessible and liveable over time as needs change;
 - Consideration of the varying levels of personal care and support available to individuals, including access to a GP or other health and

care services. This might be provided directly as part of the scheme or through locating the scheme near easily accessible and appropriate local facilities;

- Features that encourage wider health and well-being benefits such as access to exercise equipment
 - Inclusion of communal areas and facilities to promote social interaction such as a lounge, or facilities such as cafes and activity spaces that may be open to the wider community to encourage integration with the wider community.
 - Consideration of higher density developments in town centre locations, which benefit from safe and convenient local amenities and good public transport.
 - Consideration of gardens, balconies and other outdoor areas;
 - Specific design features such as noise attenuation, safety and security, accessibility;
 - Features that encourage wider health and well-being benefits such as access to exercise equipment;
90. All bids must meet the Mayor's Housing Design Standard as set out in the London Housing Design Guide.
- <https://www.london.gov.uk/priorities/housing-land/publications/london-housing-design-guide>
91. For the purposes of assessing dwelling space standards communal facilities may be apportioned equally to the dwellings within the scheme. Standards for bedrooms, bathrooms & WCs, and storage & utility should be met. Flexibility will be offered on the dual aspect requirement but proposals should still seek to comply. Flexibility will also be offered on climate change and adaptation standards.
92. Where the provision of communal facilities makes the proposed development unsuitable for assessment under the Code for Sustainable Homes, bidders should provide details within their design statement of achievement under the BREEAM multi-residential standard. Whilst it is the Mayor's ambition that remodelled and refurbished units should meet this standard as well, if these standards cannot be met the GLA will consider whether the standard that can be achieved is suitable for grant funding.
93. A requirement of the Mayor's Housing Design Guide is the need for all new homes to meet the Lifetime Homes Standard. The above standards should be used as a minimum baseline, and priority will be given to those bidders whose proposals exceed these standards while continuing to offer good value for money.
94. Bidders should seek to demonstrate that they have incorporated the standards into an overall design approach which best meets the needs of their client

- group. For bids that focus on provision for older people, bidders should demonstrate how they have met the ten components for the design of housing for older people as highlighted in the HAPPI Report (p.38).
95. These good practice principles may also be a useful reference point for housing for other client groups. See www.homesandcommunities.co.uk/ourwork/happi
 96. For disabled adults, bids will be welcomed which offer:
 - Supported housing for disabled adults with physical or mental health needs, including housing specifically designed for people with learning disabilities or autism.
 - Wheelchair adapted homes. Please note, bids that include homes for physically disabled adults are not necessarily required to include, communal areas within the building, or provide accommodation for an on-site care team.
 97. Further examples of good practice can be found in the GLA Best Practice Guide for Wheelchair Accessible Housing, and in the Habinteg Wheelchair design Guide.
<http://www.london.gov.uk/sites/default/files/archives/mayor-strategies-sds-docs-bpg-wheelchair-acc-housing.pdf>
 98. For further information, bidders may wish to refer to the HCA's publication Non-Mainstream Housing Design Guidance for sources of good practice and as an additional source of information to consider in the design process:
<http://webarchive.nationalarchives.gov.uk/20140805133148/http://www.homesandcommunities.co.uk/non-mainstream-housing-design-guidance>
 99. Bids are not restricted in the exact level of care provision that they offer. However, bids will be judged on how well they are responding to local needs; therefore bidders may wish to consider a mixture of provision within the same development.
 100. Priority will be given to those bidders whose proposals best meet specific client needs while continuing to offer good value for money. Bidders should seek to demonstrate that they have incorporated the needs of their client group into an overall design approach.
 101. Bids for specialised dementia developments should consider the Prime Minister's Challenge on Dementia. Dementia design good practice can also be found on the Housing Learning and Improvement Network (LIN) website as well as recent publications from the National Housing Federation and University of Stirling.
www.housinglin.org.uk/Topics/browse/HousingandDementia/Provision/
 102. Similarly, for adults with mental health problems, any care packages on offer would have to be specifically tailored, but there may not be a need for personal care. For details of capital funding, commissioning and revenue support for

person-centred services within a specialised housing setting, the Housing LIN have published a useful Technical Brief at:

www.housinglin.org.uk/library/Resources/Housing/Support_materials/Technical_briefs/Technical_Brief_0_FundingECH.pdf

Sustainability

103. Bids should demonstrate how they have responded to the innovation challenges outlined above in terms of tenure, location, design to provide a long-term housing solution which people clearly want within a local area.
104. Bidders should demonstrate how their proposals will be resilient to the future needs of the targeted client group in terms of usability, suitability and environmental performance.
105. Older and disabled people may spend more time at home than most and are therefore particularly concerned by both the cost and efficiency of maintaining environmental comfort in their homes. Bids which demonstrate a good understanding of the needs of their client group and respond with innovative solutions to keeping bills low and control of the environment high are encouraged.
106. Bidders should evidence expected revenue funding, including agreed funding where available referencing how the care package and service charges are set on mix used affordable and private schemes. Description of the level and type of care and/or support provided and links with local services and amenities
107. Where bids are for mixed tenure developments bidders should plan for appropriate flexibility, adaptability and re-use to ensure that there is an exit plan in place for all of their schemes including potential alternative uses of the building should the scheme no longer be required for its initial client group. The design of the building should accommodate such a change of use, as far as is reasonable, without the need for significant additional expenditure.

Due Diligence

108. Shortlisted bids will undergo a technical due diligence review. Projects will need to satisfactorily complete the due diligence process before funding is awarded, subject to contract. The due diligence phase will have two key elements:

Project assumptions and finance

109. The GLA will not fund schemes which would be delivered at the same time and specification in the absence of the Fund. We will test this throughout the bidding process.
110. GLA investment will not substitute for existing confirmed development finance.
111. Through the due diligence appraisal we will therefore seek (amongst other things) to:
 - Appraise the project financial position and test underlying assumptions;
 - Test that the developer is making an equity contribution;

- Consider the most appropriate form of GLA investment;
- Secure potential for recovery of funding through loan repayment and interest, or share of returns;
- Understand partner roles and responsibilities;
- Understand pricing and marketing strategies;
- Understand and consider the financial, commercial and market risks associated with the project.

Bidder financial standing

112. Where the bidder is already an Investment Partner with the GLA, it will not be required to undergo a separate assessment of financial standing, although where necessary may be required to provide updated information such as recent accounts.
113. Organisations which are not investment partners will be asked to undergo a review of financial standing. Information sought is likely to follow the financial elements of Investment Partner qualification.
114. Information will include:
 - Most recent audited consolidated accounts;
 - Latest management accounts
 - Cashflow report including development/capital activity and on-going trading and showing the cash/borrowing balance and details of any loan facilities
115. For all bidders, the GLA will consider the most appropriate form of security for its investment. This will involve the use of charges and guarantees, and negotiation with existing financiers.
116. An assessment of creditworthiness and collateralisation will be required for all loan applicants, which will feed into the interest-rate setting for the loan elements of funding.
117. We reserve the right to request additional financial information from any bidder if necessary. We also reserve the right to take account of a bidder's track record on investment recovery with the GLA, through current and previous programmes.

8 Affordable Housing

118. Although Phase 2 of the Mayor's Care & Support Specialised Housing Fund focusses on increasing the private options available for older people and disabled adults, it is recognised that on larger mixed tenure sites, the income from affordable housing can help ensure the viability of the development of whole site.
119. In order to improve the availability of affordable housing options for older people and adults with disabilities as well as further increasing the availability of the high quality private market housing that is the focus of Phase 2, the GLA is also seeking supplementary and complementary bids for affordable housing (Affordable Rent or shared ownership), where the affordable housing is being delivered as part of a larger mixed tenure scheme (i.e. the scheme also includes private market housing).
120. Bidders interested in applying for affordable housing funding should follow the requirements of the Phase 1 prospectus, available on the GLA website <http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/the-mayor-s-care-and-support-specialised-housing-fund>
121. The programme requirements for affordable housing funding in Phase 2 are the same as in Phase 1, and the requirement that all affordable housing schemes must be part of a larger affordable and private mixed tenure scheme. We will be looking to prioritise shared ownership options as this product does play a significant role in this sector.
122. It is a requirement of all GLA funded affordable housing, that the landlord of the property must be a Registered Provider. Unregistered providers must achieve Registered Partner status from the HCA as Social Housing Regulator if they intend to become the landlord of grant-funded affordable housing (including for Affordable Rent and shared ownership).
123. Unregistered providers who do not intend to be the landlord must include as part of their bid, details of the Registered Provider who will take ownership of the affordable property on completion and become the landlord.
124. In addition to the supporting statements required within the Phase 1 prospectus, bidders for affordable housing grant in Phase 2 will be required to outline the size and profile of the private market housing on the site. Bidders cannot bid for both affordable housing grant and loans or equity to support the same scheme within this bid round.
125. Bids for this phase of the Care & Support Housing Fund must be submitted through the GLA's Investment Management System (IMS) by noon on Friday June 30th.
126. Providers without access to IMS should e-mail glaims@london.gov.uk to request a registration pack.
127. For providers who are already IMS users there is no requirement to register for a separate IMS account. Access will be through your existing GLA IMS user account. Guidance on entering bids through IMS is available at

<http://www.london.gov.uk/priorities/housing-land/increasing-housing-supply/the-mayor-s-care-and-support-specialised-housing-fund>

128. For those familiar with the Offers system used for the Affordable Housing Programme, bidding for this programme uses the same processes and screens as submitting an AHP offer. A short guide to the specific requirements for bidding to this programme is also available at the above link

9 Timetable & Contacts

| Event | Date and Time |
|---|---------------------------|
| Launch of Phase 2 | Tuesday, 24 March 2015 |
| Initial Deadline for bids* | Noon Friday, 30 June 2015 |
| Announcement of shortlisted proposals and commencement of due diligence | August 2015 |
| Announcement of first allocations | September 2015 onwards |

* Subject to availability of funds we may accept bids after the initial deadline provided that funds are drawn by March 2018.

128. If bidders have any questions about the programme or how to bid, they are advised to email the GLA at phase2mcsfh@london.gov.uk
129. Bidders should note that where questions raised may be of general applicability to all prospective bidders; these and our response will be anonymously published on the GLA website.

Annex A: Investment Types

130. Mayor's Care & Support Specialised Housing Fund investments into the private market are recoverable, with an appropriate rate of return on the investment.
131. The investments must be structured in a way that is State Aid compliant and we expect that this will typically take the form of a commercial loan or pari passu equity investment (i.e. proportionate sharing of risks and rewards) or a combination of the two. The overall approach to these investment types is summarised below.
132. The level of investment offered through this fund at the end of the due diligence process will be based on our view of the minimum necessary for the proposal to proceed and of recoverability. Both the quantum and type of investment offered will be based on our appraisal of the proposal and might be less than the funding sought.

Based on European Commission guidance on calculating a "market rate" margin and the current European Commission Reference rate (1.02% at 01/03/15) as a variable base rate, loans can be offered at initial rates of interest from 1.62% to 11.02% (please see the matrix below). This is based on our assessment of the creditworthiness of the bidder and the collateral offered.

| Collateralisation | Rating | High | Normal | Low |
|--------------------------|---------------------------------------|-------------|---------------|------------|
| Credit Worthiness | Strong (AAA-A) | 1.62 | 1.77 | 2.02 |
| | Good (BBB) | 1.77 | 2.02 | 3.22 |
| | Satisfactory (BB) | 2.02 | 3.22 | 5.02 |
| | Weak (B) | 3.22 | 5.02 | 7.52 |
| | Unsatisfactory (CCC and below) | 5.02 | 7.52 | 11.02 |

These rates are illustrative and represent the minimum rates available depending on the categorisation of creditworthiness and collateralisation at the time of publication. Final offered rates may be in excess of those illustrated dependent on individual circumstances.

Creditworthiness

Bidders creditworthiness will be reviewed at due diligence. Where a party has a recognised credit rating this will be used to assess their creditworthiness. Where they do not have a rating, the GLA will assess their creditworthiness in a manner consistent with the ratings issued by such agencies. This involves an assessment of the bidder's Financial Standing and the risks associated with lending to that business. Considerations may include:

Definitions;

- A'—Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
- 'BBB'—Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
- 'BB'—Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
- 'B'—More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
- 'CCC'—Currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments.

Considerations may include:

- Ratings from a recognised Credit Rating Agency
- Financial analysis - profitability, net asset position/balance sheet strength, gearing, etc.
- Assessment of the trading history/development experience of a borrower - evidence of a "track-record" of delivery
- The ability of the borrower to service the loan (interest and capital when required under the legal agreements) in the context of its existing commitments
- Accounts, credit-checks, references - leading to an overall profile of a borrower
- Amount of capital and/ or equity stake provided by the bidder to support the scheme.
- Benchmarking against peer companies.

Collateralisation

133. This will involve an assessment of the amount that could be recovered from the project, the security offered and also from the bidder's balance sheet. We will require satisfactory demonstration of ability to repay the loan (capital and interest) from the scheme cash flow and adequate security (supporting the level of proposed borrowing) to minimise its loss in a default scenario (e.g. a legal charge, parent company guarantee, performance bond).

The GLA will always aim for a first charge over the assets offered as security but accepts that in some cases the involvement of other lenders will necessitate other arrangements. The GLA's main method of assessing collateral will be considering loan to value (LTV) ratios, of all secured borrowing in aggregate and the primacy of the charge. Banks, when assessing these types of loans normally consider a range of 60 to 80 percent of loan to value as an acceptable level of collateral. The proposed criteria are as follows:

- High Collateral – A LTV of up to 60% in total with a first charge or if GLA has a second charge a reasonable amount less than 60%;
- Normal Collateral – A LTV between 60% and 80% in total with a first charge or if GLA has a second charge towards the lower end of this range
- Low Collateral – A LTV above 80% in total with a first charge or if GLA has a second around 75%;

A sole offer of a parental guarantee will generally not be accepted as sole collateral, except in the case of a financially strong organisation offering such a guarantee to a joint venture, for a relatively short period of time.

Other formats and languages

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

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Chinese

如果您需要您母語版本的此文件，
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Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có văn bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে নীচের ফোন নম্বরে
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος
εγγράφου στη δική σας γλώσσα, παρακαλείστε να
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-
δρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

