# Invitation for Expressions of Interest

**Victorian Property Fund Grants Program: Environmentally Sustainable Housing Funding Round 2017-18**

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## Overview

Consumer Affairs Victoria (CAV) invites expressions of interest (EOI) to the Victorian Property Fund (VPF) Grants Program Environmentally Sustainable Housing Funding Round 2017-18 (the Program) from Registered Housing Agencies (RHAs) to carry out energy efficiency improvements to their existing Victorian social housing stock.

Eligible RHAs are invited to respond with details of their proposed energy efficiency improvement projects, the expected benefits arising from the improvements (both the energy and non-energy benefits if applicable), the business case for investment (including estimated payback periods), and the amount they are willing to contribute towards the works.

EOI responses will be assessed with a view to shortlisting a number of favoured proposals. Those RHAs with shortlisted responses may be provided with feedback, and CAV reserves the right to negotiate variations to proposals. At CAV’s sole discretion, some shortlisted RHAs may then be invited to formally apply for a grant from the Victorian Property Fund (VPF) to assist the RHA implement the improvements. The provision of any grant funding is conditional on the Minister for Consumer Affairs (the Minister) awarding a VPF grant following the formal grant application process.

Program outcomes and learnings may be captured in case studies to be made available to the Victorian community housing sector for education and information purposes.

Responses to the Invitation for Expressions of Interest are due by the EOI closing date: 5:00pm, Friday 23 March 2018.

## Background

### Victorian Property Fund Grants Program

Section 76(3)(h)(i) of the *Estate Agents Act 1980* (the Act) enables the Minister to make grants from the VPF for “projects regarding the development of environmentally sustainable housing”.

CAV is responsible for administering the VPF grants program, which includes identifying opportunities to fund proposals that meet Government priorities, inviting and evaluating applications, making recommendations regarding proposals to the Minister, and managing the grants awarded. For more information on the VPF grants program, see the CAV website [www.consumer.vic.gov.au/grants](http://www.consumer.vic.gov.au/grants)

### Purpose of funding energy improvements to social housing

The Victorian Government is committed to improving the environmental sustainability of Victoria’s social housing to help reduce greenhouse gas emissions, lower utility bills for RHAs or low income tenants, and improve the thermal comfort of social housing. Improving the energy and thermal efficiency of low income housing can deliver not only environmental benefits, but also social equity and welfare benefits.

Recent technological advancements and price reductions in solar panels and battery storage mean that investing in solar systems and complementary energy efficiency technology such as heat pumps and LED lighting can not only pay for itself but also deliver significant financial savings by reducing future electricity bills. The business case for investment is expected to continue to improve as electricity prices rise, and the technology becomes cheaper and more efficient.

Co-funding the implementation of energy efficiency improvements by RHAs will help to demonstrate the investment business case, and build sector knowledge about the energy saving opportunities arising across a range of social housing types. It can also help build sector skills and capacity to assess buildings, analyse business cases and carry out improvements.

These objectives support government priorities outlined in a range of policies including the *Energy Efficiency and Productivity Strategy*, *Victoria’s Renewable Energy Roadmap* and *Victoria’s Climate Change Adaption Plan 2017-20*.

## Funding opportunity

Up to $1.5 million from the VPF grants budget is reserved over two years (2017-18 and 2018-19) to support RHAs carry out projects to improve the energy efficiency of social housing.

The funding application process involves two stages: an initial EOI process, followed by a formal grant application process (by invitation only). The provision of any funding is subject to the Minister awarding a formal VPF grant.

Expressions of interest are invited from eligible RHAs that:

* have had the energy efficiency of the unit/s or building/s in question assessed by a demonstrably qualified energy efficiency assessor[[1]](#footnote-1) or Victorian Government department or agency. The assessor must have produced a report that supports the energy efficiency improvements proposed in the RHA’s funding proposal; and
* are willing to contribute more than half the total project costs (>50%).

The primary purpose of the VPF funding contribution is to assist the RHAs meet the cost of purchasing and installing the recommended energy efficiency improvements. Although CAV is prepared to support a reasonable allowance for internal project administration costs (e.g. 10-15% of the total project budget), proposals with administration expenses exceeding 20% of the total budget are unlikely to be viewed favourably.

The Program will not contribute towards the RHA’s out-of-pocket costs to obtain energy efficiency assessments and reports.

Depending on the response rate, not all RHAs that submit a response to the Invitation for EOI will be shortlisted and invited to apply for a grant. In general, proposals where the RHA offers to meet a greater proportion of project costs will be viewed more favourably.

Respondents are encouraged to explore other financial incentives that are available through other federal or state energy efficiency upgrade programs or schemes including the Victorian Government’s Victorian Energy Upgrades (VEU) Scheme. For more information see <https://www.veet.vic.gov.au/Public/Public.aspx?id=Home>

### Who is eligible to participate?

Eligibility to participate in the 2017-18 Program is limited to the following Victorian RHAs:

* Registered Housing **Associations**, and
* Registered Housing **Providers** that own or manage at least 250 Victorian social housing properties.

Subject to CAV's prior approval, RHAs with smaller portfolios may participate in the EOI process provided they partner with one or more other RHAs, and together these organisations submit a proposal seeking VPF co-funding of at least $200,000 (ex GST). In such cases, the partner RHAs must submit one EOI response with the larger organisation as the lead agency. If the partnership response is shortlisted, CAV may invite an application from the lead agency as the sole applicant. If a grant is awarded, that organisation will be required to enter a funding agreement and be responsible for the delivery of the project and the performance of any of the project partners. RHAs wishing to submit a partnership proposal must seek CAV’s prior approval by no later than the end of clarification period as specified below in [Table 2 - Indicative key dates](#_Table_2_–).

### What will be funded?

Energy efficiency improvements must be limited to social housing units or buildings that:

* are owned by RHAs (or owned by the Director of Housing and managed by RHAs) and are used for housing low income or disadvantaged Victorians, and
* have been assessed by a demonstrably qualified energy efficiency assessor or Victorian Government department or agency that has produced a written energy assessment report for the unit/s or building/s in question which supports the improvements proposed. Copies of these reports must be available for inspection upon request by CAV.

The types of energy efficiency improvements that can be funded through the Program are listed below:

1. Solar photovoltaic (PV) panels and related equipment
2. Battery storage (for new or existing solar systems)
3. Energy efficient hot water systems
4. Energy efficient lighting (ensuring that acceptable light levels are provided)
5. Energy efficient heating and/or cooling systems (provided that any new electrical system is coupled with solar PV)
6. Adding insulation
7. Draught-proofing (ensuring that acceptable indoor air quality is maintained, and gas safety requirements are adhered to where gas appliances are present in the home).

### What will not be funded?

Works that cannot be funded under the Program include:

1. Improvements other than those listed in items 1 -7 above.
2. Energy efficient appliances (e.g. fridges, stoves, televisions)
3. Projects delivered outside Victoria.
4. Works that are already completed or underway.
5. Works that cannot be completed by 30 April 2019.
6. Works that are not supported by energy efficiency reports.

## Risks and responsibilities

Carrying out energy efficiency improvements to residential dwellings carries potential risks, including but not limited to:

* product suitability, reliability and performance risks
* financial risks, including the risk that anticipated electricity bills savings are not realised, or that small scale renewable energy certificates are not obtained
* project implementation risks, including budget overspends and time overruns
* potential impacts on insurance policies and premiums
* warranty risks, including the risk that the manufacturer, supplier or installer does not comply with consumer laws or goes bankrupt or insolvent
* health and safety risks (including fire risk from non-compliant wiring and asbestos exposure risks).

Participating RHAs are required to assume all risk and responsibility for their proposed project. The Department of Justice and Regulation (DJR), CAV and the VPF in no way endorse the appropriateness of any proposed investment and are not liable for any loss suffered as a consequence of any energy efficiency improvement project funded or part-funded through a VPF grant.

RHAs must satisfy themselves of the quality, standard and suitability of any product or service required for their proposed project. CAV, DJR and the VPF in no way endorse any product or service and will not be held liable for the failure of any product or service to meet claims made by the manufacturer, supplier or installer with respect to performance, quality or safety.

If a grant is awarded, RHAs will be required to enter a funding agreement with terms requiring that:

* all works be undertaken to a high level of quality, and comply with relevant electrical safety, gas, plumbing and building codes and standards
* installers be appropriately trained and qualified
* high qualify materials be used that meet appropriate standards
* any acts, defaults and omissions of contractors or sub-contractors be the responsibility of the RHA.

Applicants should be aware of the terms and conditions of the Terms of Participation, including but not limited to clauses requiring applicants to assume all liability for loss, and the requirements to be met by product suppliers, installers and other subcontractors. There are also minimum standards applicable for solar improvements.

## EOI response information requirements

RHAs should carefully read this document and the accompanying Terms of Participation to check whether they are eligible to respond.

RHAs are required to provide a comprehensive outline of their energy efficiency project proposal by completing the EOI Response and Certification form provided. Information required includes:

* The addresses of the properties involved
* A description of the type of buildings to be improved (e.g. rooming houses, stand-alone houses, small apartment blocks (10 or less units), medium apartments blocks (11 to 25 units) or large apartment blocks (over 25 units))
* A description of the energy efficiency improvements proposed to be carried out on each building and the benefits expected to arise
* A budget detailing the total project cost, and details of the amount to be contributed by the RHA and the amount sought from the VPF
* An estimate of the average investment payback time for the overall project, and also the simple payback period for each building[[2]](#footnote-2)
* A Gantt chart setting out the major project stages and indicative timeline
* Details of the RHA’s extent of readiness to commence the project, including a description of its internal resources and capacity to carry out the project and how it intends to pay for its proposed share of the project costs (i.e. whether it intends to draw down cash reserves or borrow).

The CEO of the Respondent organisation will be required to certify as to the accuracy of the information contained in the Response and whether any conflict of interest is involved.

## Response evaluation process and criteria

CAV will assess the EOI responses with a view to shortlisting a number of favoured proposals for further consideration at the grant application stage.

Responses will be assessed against the following criteria:

### Mandatory criteria

1. **Registered Housing Agency status:**Respondents must be a Victorian Registered Housing Agency under Part VIII of the *Housing Act 1983*. All Registered Housing Associations are eligible to apply. Registered Housing Providers must own or manage at least 250 properties.
2. **Projects must concern buildings whose energy efficiency has been assessed:** All proposals must be supported by energy assessment reports completed by an accredited energy assessor or Government department or agency. The proposed improvements must be based on the assessment results. Copies of the reports must be available for inspection by CAV if requested.
3. **Minimum financial contribution:** The RHA must meet the majority (>50%) of project costs.
4. **Ability to meet program timeframes:** All works are required to be completed by 30 April 2019, with all funding claimed and grants acquitted by mid-June 2019.

### Comparative criteria (weighted)

1. **Proposals providing higher value-for-money (45%):** Relevant considerations include:
   * the extent of leverage of the VPF contribution (proposals that involve the RHA meeting a higher proportion of project costs will be viewed more favourably)
   * the relative proportion of RHA internal administration costs to total project costs (proposals with a lower proportion of administration costs will be viewed more favourably)
   * the Average Payback Period for the Project[[3]](#footnote-3) (proposals with an average of 10 years or less will be viewed more favourably)
   * the extent the project is aligned with Program objectives or is considered likely to deliver broader social or environmental benefits.
2. **Project methodology (25%):** Extent the Respondent demonstrates sound project planning and processes, including risk management.
3. **Capacity and readiness (20%):** Extent the Respondent demonstrates capacity and readiness to successfully complete the project.
4. **Preference for larger value proposals (10%):** Larger proposals will be viewed more favourably (e.g. those seeking VPF co-funding of $200,000 (ex GST) or more).

### Other considerations

When shortlisting proposals, CAV may also consider broader Program objectives, including sector educational and capacity-building objectives. In this regard CAV’s objective is to fund:

* a number of RHAs in order to build internal organisational skills and capacity across a range of RHAs
* projects involving a range of social housing types, so that project outcomes and learnings can be captured in case studies to be made available to the sector, and
* projects that combine solar PV with other energy efficiency improvements.

CAV is not bound to pursue the lowest priced proposal, nor any proposal. CAV reserves the right to negotiate the terms of any proposal.

Following completion of the Response evaluation process, CAV will notify all Respondents of the outcome by email, including whether a Response has been shortlisted.

If the RHA’s response is shortlisted, CAV may, at its sole discretion, invite the Respondent to formally apply for a VPF grant. For more information about the VPF grants application process, please see the Consumer Affairs Victoria website ([www.consumer.vic.gov.au/grants](http://www.consumer.vic.gov.au/grants)).

## Response documentation and submission process

To submit a Response, eligible RHAs are required to complete and return the Response and Certification form. A copy of the form can be downloaded from the CAV website. [www.consumer.vic.gov.au/vpfsustainablehousinground](http://www.consumer.vic.gov.au/vpfsustainablehousinground)

Respondents are required to provide one (1) digital scanned copy of the completed, signed and dated Response and Certification form in accordance with the submission requirements set out below. Unsigned copies will not be accepted.

If requested by CAV, Respondents may also be required to provide additional documentary evidence to support their Response, including copies of energy assessment reports. The completed and signed Response and Certification form (and any additional supporting documentation requested by CAV) will be the material assessed.

### Table 1 – Response submission requirements

|  |  |
| --- | --- |
| Email addressed to: | [vpf.grant.enquiries@justice.vic.gov.au](mailto:vpf.grant.enquiries@justice.vic.gov.au) |
| Email reference: | “(Your organisation’s name) – Response for VPF Sustainable Housing Funding Round” |
| Format of digital copy of Response: | MS Word or PDF |
| Emails with attached Response to be received by CAV no later than: | 5:00pm, Friday 23 March 2018 |

### Table 2 – Indicative key dates

|  |  |
| --- | --- |
| **Milestone** | **Date** |
| Release of Invitation for EOI | 5 February 2018 |
| End of clarification period | 9 March 2018 |
| Response closing time and date | 5:00pm, Friday 23 March 2018 |
| Respondents notified whether their response is shortlisted | 16 April 2018 |
| Grant application closing time and date | 5:00pm, Friday 20 April 2018 |
| Ministerial decisions on applications | May 2018 |
| Execution of funding agreements | May/June 2018 |

## Project implementation

Any RHA awarded a VPF grant will be required to enter a funding agreement with CAV in the form of the Victorian Common Funding Agreement. Once a grant is in place, the RHA will be required to commence the Project as soon as possible. Unless CAV otherwise agrees, all projects must be completed by 30 April 2019. All final claims must be made and grants acquitted by no later than mid-June 2019.

1. To be considered demonstrably qualified, energy efficiency assessors must have successfully completed appropriate training in the assessment of energy efficiency of residential buildings, and have a minimum of three years’ experience carrying out energy efficiency assessments for residential dwellings. CAV’s sole determination as to whether an assessor is sufficiently qualified will be final. [↑](#footnote-ref-1)
2. Respondents must supply details of the 'Simple Payback Period' for each building (defined as the total cost of the energy efficiency improvements proposed for a building, divided by the estimated annual cost savings to be generated from carrying out those improvements), and the 'Average Payback Period for Project' (defined as the total costs of the project, divided by the estimated total annual cost savings generated by the improvements to all the buildings improved under the project). Cost savings must benefit either the RHA or the low income tenants. [↑](#footnote-ref-2)
3. See definition in footnote on previous page. [↑](#footnote-ref-3)