

REPUBLIC OF KENYA



**MINISTRY OF TRANSPORT, INFRASTRUCTURE, PUBLIC
WORKS, HOUSING AND URBAN DEVELOPMENT**

**STATE DEPARTMENT FOR HOUSING AND URBAN
DEVELOPMENT**

JOINT VENTURE PARTNERS FOR AHP

Principal Secretary
State Department for Housing
and Urban Development
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3 INTRODUCTION

The Government of Kenya has committed to deliver a series of ambitious social programs to promote long-term economic development for the country through its Big Four Agenda. Delivery of 500,000 Affordable Housing Units is one key Agenda. The Government through the State Department of Housing and Urban Development (SDHUD) has set aside several pieces of land towards achieving the same.

Through the Specially Permitted Procurement Procedure, SDHUD wishes to invite Investors through for a Joint venture to get into Strategic Partnership in developing the following listed projects. The eligible prospective investors with ready financing are hereby invited to submit their applications for consideration as joint venture partners.

4 DESCRIPTION OF THE LAND

Listed Pipeline Projects under Affordable Housing Program		
Approx. No. Of Units	Project	Location
40,000	NSSF Mavoko	Mavoko
20,000	Railway City	Nairobi
2,000	Homa Bay County	Homa Bay
2,000	Kisumu County	Kisumu
400	CSHS Kisii	Nyanchwa, Kisii
300	CSHS Eldoret	Uganda Road, Eldoret
134	CSHS Nakuru	Bondeni, Nakuru
798	CSHS Nyeri	Next to Ruringu Stadium
354	CSHS Meru	Near Meru General Hospital
150	CSHS Mombasa	Kengereni, Mombasa
204	CSHS Garissa 1	Kanisa Lane, Garissa
288	CSHS Garissa 2	Province Area, Garissa
200	CSHS Muranga 1	Milimani, Muranga
200	CSHS Muranga 2	Kiharu, Muranga
908	CSHS Kakamega	Milimani, Kakamega
2,200	Nyandarua County Government	Ol Kalou, Nyandarua County
1,300	Stoni Athi Housing Phases II – IV	Athi River, Machakos
300	Changamwe Infill Housing Phase III	Mombasa
100	Bububu Housing Phase II	Mombasa
200	Eldoret Kapsuswa Housing Phase I	Eldoret, Uasin Gishu County
500	Kisumu Kanyakwar Housing Phases III - IV	Kisumu
200	Siaya Housing Phase I	Siaya
100	Narok infill Housing Phase I	Narok
100	Kajiado infill Housing Phase I	Kajiado
200	Pumwani Housing Phase III	Nairobi
200	Meru Tuntu Redevelopment	Meru

4.1 PROJECT DEVELOPMENT DETAILS

4.2 PLANNING CONSIDERATIONS

It is the intention of the Kenya Government that the proposed development will be guided by County Government Act 2012, Physical & Land Use Planning Act 2019, the Development Framework Guidelines (DFGs) and other enabling legislation. Although the main thrust of the proposed development will be affordable housing, it is intended that the development will comprise residential, commercial, industrial, educational, recreational, etc.

5 PROJECT DELIVERY MODEL

The Government is committed to collaborating with the private sector investors to facilitate delivery of adequate, accessible and affordable housing to all Kenyans in line with the Big Four Agenda through various delivery models.

The anchor aims for the development is provision of affordable housing, and in line with the Development Framework Guidelines (DFGs), it is important that the development strategy caters for all categories of affordable housing i.e. Social, Low Cost, Mortgage Gap, and Middle-to-High Income homes.

The Joint venture partners will develop a Project Agreement with the Client and will be responsible for the following:

5.1 Development Fund Raising and End User Financing

A critical and key function of the Developer for a development of this scale will be raise the necessary development project funds and end user financing. Details of the nature of this requirement are provided in Section 6.2 of this same document.

5.2 Planning and Development

The successful Developer is to ensure that the project engaged in have a Plan is undertaken at their own cost and taking into cognizance urban design and town planning requirements and also adhere to the Urban and Cities Act, 2011 (amended in 2017 and 2019) for the areas falling in the cities.

5.3 Future Development Concepts (i.e. on greening, smart cities, urban mobility and other considerations)

It is important that master plans and approaches to development include greening technologies and smart development concepts. As per the DFGs, the new Development should have integrated infrastructure for gas reticulation. The Government is also keen on ensuring that urban mobility and transport planning drives the development of human settlements therefore the project delivery model must demonstrate the integration of mass rapid transit systems.

5.4 Social Infrastructure and Amenities

The Developer will be responsible for development of social infrastructure and amenities as part of the development at no cost to Government and/or in lieu of the value of the land. This value shall be taken into consideration in the return split as per Section 5.5 below.

5.5 Return Split

The Developer is expected to work with Government of Kenya (“GoK” or “Government”) on monetization of the areas of the development on an internal rate of return (IRR) basis). For the areas of development that are not related to affordable housing, an expected IRR will have been agreed upon. Once this hurdle rate has been met, Government will be due a share of the returns.

5.6 Local Content and Micro and Small and Medium Enterprises Framework

The Developer is expected to have a framework for local content exceeding the minimum local legislative requirements. Importantly it is the stated intention of the State Department of Housing and Urban Development to ring fence 69 items published in the Jua Kali Production Manual for the local MSME sector and therefore the Developer is to ensure a comprehensive plan and documentation is in place.

5.7 Sub-contracting of Sub Developers

The Developer will be expected to work with the relevant Government Department on development of a sub-contracting model for sub developers for the project. For the avoidance of doubt, the Developer shall bear full responsibility for the relationship between the Developer and sub developers.

5.8 Land Survey

The Developer is expected carry out a full and comprehensive survey of all the portions of land related to the development to enable proper planning and design in compliance to existing legislation.

5.9 Geotechnical Investigations

The Developer will be expected carry out proper investigations of geotechnical conditions as is necessary before any development can take place.

5.10 Environmental Management

The Developer will be expected to ensure that the development adheres to environmental legislation and that, where necessary, proper environmental management practices are in place to ensure sustainable use of the development into the future.

5.11 Legal & Conveyancing

The Developer is expected to ensure that professional legal and conveyancing care of duty is undertaken and adhered to.

5.12 Social Facilitation & Community Liaison

The Developer is expected to work closely with the Project Sponsor and offer community liaison and social facilitation services to ensure that all stakeholders are adequately consulted and informed with regards to all the development. The Developer should also ensure that the proper lines of communication and reporting are maintained at all times.

6 QUALIFICATION RESPONSE

The response for the RFP will be comprised of one submission in three parts:

- i. Organizational and Legal Submission;

- ii. Financial and Commercial Submission; and
- iii. Technical Submission.

6.1 Organizational and Legal

The organizational and legal submission is intended to provide the Client with a summary of the proposed developer and proposed project. Applicants are requested to provide the following in the submission letter:

- a. A description of the ownership structure for the Project Company proposed by the Developer (which must take due account of the Shareholder Agreement that will be requested of a successful Developer at a later stage);
- b. Copies of documents establishing a joint venture/partnership/consortium among the members of a Respondents Developer grouping, if applicable; and
- c. Provision of the Project Description by the Lead Developer Project Description

It is critical that firms provide clear contact information for the individuals responsible for communication with the Client in this section of the letter. Information requirements include:

- Company Name
- Contact Details (Contact Person, Address, Tel., E-Mail)
- Parent Company Name (If Applicable)
- Parent Company Contact Details (Address, Tel., E-Mail)
- (If Applicable) Local Company Name
- Relevant Contact Details (Contact Name, Address, Tel., E-Mail)

6.2 Financial and Commercial Submission

The financial and commercial submission is intended to provide the Client with information of the financial capacity of the Applicant's to undertake the appointment as Master Developer. Applicants are requested to provide the following in the submission letter:

6.2.1 Demonstration of Financial Capacity

A signed letter of undertaking, indicating commitment to provide a financial guarantee or cash, immediately upon award/contracting, of at least 2% of the project value and also indicating that the same would be available to the Small and Medium Enterprises to facilitate access to finance from financial institutions for production of approved ring-fenced items for the Development. This amount could also be used to set up plant(s) that will be used in the development area.

6.2.2 On-Going and Past Projects

Firms interested should demonstrate ongoing and past experience in similar projects they are undertaking in the format described in Section 6.4. Provided evidence should also:

- a. Demonstrate the ability to execute similar projects that have resulted in the development of new cities/regeneration programs in urban areas.
- b. Demonstrate the ability to raise capital to be able to fund similar projects that have developed new cities and or regenerated urban areas in a mixed-use approach.

- c. Demonstrate the ability to raise capital to be able to fund large projects. Note these do not need to be housing / urban developments.

6.2.3 Limited Recourse Projects

Firms interested should also demonstrate and provide evidence of structuring financial, commercial experience and capabilities for carrying out large scale infrastructure or urban development projects of a limited or non-recourse financing nature.

6.2.4 Quick Wins – Financial Capacity

Firms interested should demonstrate the financial capacity investment in the early implementation of the mixed-use development financing program that will show case capacity to deliver the project through a series of quick win projects.

6.2.5 Project Implementation Approach

Interested firms should include a project implementation approach that:

- a. Describes the approach to be used in financing, developing and marketing the Area in a phased approach, with the first phase breaking ground in 90 days from the date of award;
- b. Provides a coherent and detailed work plan for the quick wins activities as well as the long-term activities;
- c. Includes evidence that the firm can access the requisite capital for the development project finance, early stage works, and quick wins project;
- d. Includes evidence that the firm can access the requisite capital to access end user financing as the Government will not be issuing an offtake for the proposed development (the terms of the financing including tenor and a range of the affordable end user financing should be provided);
- e. Includes evidence that the interested firm has the ability to engage sub developers for specialized areas; and
- f. Demonstrates the firm’s ability to use innovative financing mechanisms that capture value during the implementation of the project.

6.2.6 Expertise of Structuring and Fund-Raising Available Staff

Interested firms should provide information on staff with financial structuring and fundraising experience including:

- a. Number of qualified professional staff available and designated for the project;
- b. Profession, specialization, and experience of the current funding raising (both development finance and end user finance) staff available for the project; and
- c. Number of similar projects in which the available/designated staff have participated in structuring and fund raising during the last 10 years.

6.3 Technical Submission

The technical submission is intended to provide the Client with information on the technical capacity of the Applicant’s to participate in the Development as Master Developer.

Interested firms are requested to provide the following in the submission letter:

6.3.1 Technical Capability and Expertise

Interested firms should provide evidence of undertaking similar projects in the format described in Section 6.4 and should include:

- a. Satisfactory experience in the execution of projects of a broadly similar nature to the one envisaged under the Development;
- b. Satisfactory experience in the execution of comparable industrial projects; and
- c. Technical capability and experience of any contractor or subcontractor proposed for the Development.

6.3.2 *Speed of Delivery*

Interested firms should provide evidence on the speed of delivery of their proposed delivery methodology taking into account the requirements for phased development and execution of quick wins projects.

6.3.3 *Expertise of Available Staff*

Interested firms should provide information on available staff including:

- a. Number of qualified professional staff available and designated for the project;
- b. Profession, specialization and experience of the current technical, professional and managerial staff available for the project; and
- c. Number of similar projects in which the available/designated staff have participated during the last 10 years.

6.3.4 *Corporate Social Responsibility Plan*

As part of the technical submission, interested firms should provide a proposed corporate social responsibility plan elaborating on strategies and tactics to secure social license to operate and improve prospects for acceptance of the project within the area of implementation.

6.4 Profiles requested to Demonstrate capacity of Past and Ongoing Projects for both Financial and Technical Submissions

Firms interested should demonstrate past experience in undertaking such work through a profile of the work undertaken, time taken to raise the capital as well as demonstrate the use of funds to the project until completion. The profile should contain:

- a. Name and location of facility;
- b. Names and telephone numbers of the client, if any;
- c. A reasonably detailed description of the project, including design, construction and financing structure;
- d. Total development costs for the project;
- e. Operating model utilized in the respective project, if any;
- f. The Respondents' role in project development, design, development permits, financing, construction, regeneration (if any), operation, maintenance and marketing;
- g. Development timeline, including construction start and completion dates;
- h. Current status and ownership of the development (include names and telephone numbers of current owners and operators, if not Respondent);
- i. Any claims, litigation, judgments, notices of violations, or administrative enforcement actions arising out of the construction and/or operation of the project; and,
- j. All performance guarantees (if any) provided by the firm with reference to the project and any failure to meet such guarantees

k. Provide client references for each of the projects provided in the format below:

Company Name
Contact Details (Contact Person, Address, Tel., E-Mail)
Parent Company Name (If Applicable)
Parent Company Contact Details (Address, Tel., E-Mail)
(If Applicable) Local Company Name
Relevant Contact Details (Contact Name, Address, Tel., E-Mail)

6.5 Additional Capabilities

Provided that the minimum requirements specified in the RFP are complied with, interested Bidders are free to submit any other information they feel would be useful to the Client in respect of its evaluation of their corporate structure, organizational, technical or financial capability and experience.

6.6 Sale of the Units

The developers are to design the units as per the DFG's with but allowed for creativity and innovation. The developers will sell the units but also allow for 40 % rights to SDHUD for sale.

6.7 Additional Requests for Information

Should interested firms require additional information in relation to the RFP such request should be made in writing to the Client via email at: procurement@housingandurban.go.ke with a copy to procurement@bomayangu.go.ke.

In due course, should the Client require additional information on the references submitted by the Developer, the Client may request such information from the interested parties. The Client also reserves the right to request oral presentations from interested firms, if this is deemed necessary.

6.8 Submission Process

Interested firms are requested to send back responses via email to procurementhousingandurban@gmail.com with a **28 July 2020 2020 at 12 noon.**

7 EVALUATION CRITERIA

The following evaluation criteria will be used by SDHUD to establish and select the Developers. The evaluation criteria herewith will be on YES/NO basis, where "Yes" indicates that a submission has satisfactorily met the requirements and where "No" indicates that a submission(s) have not met the requirements. The applicant should meet these criteria without material deviations, reservation or omission.

Following the conclusion of the evaluation process, direct negotiations with the qualified firm will be conducted.

ITEM	REQUIREMENTS	Yes/No
1.	ORGANIZATION AND LEGAL WITH EVIDENCE	
1.1	Registration of Developer	
1.2	Joint Venture Agreement/ Partnership/ Consortium	
1.3	Project Description	
1.4	Contact Information	
1.5	Statement of commitment to allow sub-contracting	
1.6	Statement on commitment on 40% local content for international firms	
2.	PROJECT DELIVERY MODEL WITH EVIDENCE	
2.1	Master Planning and Urban Development	
2.2	Future Development Concepts (i.e. on greening, smart cities, urban mobility, transport planning and demonstrate the integration of mass rapid transit systems.)	
2.3	Social Infrastructure and Amenities	
2.4	Return Split	
2.5	Local Content and Micro and Small and Medium Enterprises Framework	
2.6	Sub-contracting of Sub Developers	
2.7	Land Survey	
2.8	Geotechnical Investigations	
2.9	Environmental Management	
2.10	Legal & Conveyancing	
2.11	Social Facilitation & Community Liaison	
2.12	Sale Proposal	
3.	PROJECT IMPLEMENTATION APPROACH	
3.1	Describes the approach to be used in financing, developing and marketing the Area in a phased approach, with the first phase breaking ground in 90 days from the date of award.	
3.2	Provides a coherent and detailed work plan for the quick wins activities as well as the long-term activities	
3.3	Includes evidence that the firm can access the requisite capital for the development project finance, early stage works, and quick wins project.	
3.4	Includes evidence that the firm can access the requisite capital to access end user financing as the Government will not be issuing an offtake for the proposed development (the terms of the financing including tenor and a range of the affordable end user financing should be provided.	
3.5	Quick Wins: (i) Demonstrate plan to execute series of quick win projects. (ii) Demonstrate financial capacity to undertake proposed quick win projects.	
3.6	Includes evidence that the interested firm has the ability to engage sub developers for specialized areas.	

3.7	Demonstrates the firm's ability to use innovative financing mechanisms that capture value during the implementation of the project.	
3.8	Speed of Delivery.	
3.9	Corporate Social Responsibility Plan.	
4.	QUALIFICATION CRITERIA	
4.1	FINANCIAL AND COMMERCIAL	
4.1.1	Development funding	
4.1.2	End user financing	
4.1.3	2% signed letter of undertaking of the Project Cost	
4.2	SIMILAR PROJECTS EXPERIENCE	
4.2.1	Satisfactory experience in the execution of projects of a broadly similar nature to the one envisaged under the Development	
4.2.2	Satisfactory experience in the execution of comparable industrial projects.	
4.2.3	Technical capability and experience of any contractor or subcontractor proposed for the Development	
4.2.4	Limited Recourse Projects: Firms interested should also demonstrate and provide evidence of structuring financial, commercial experience and capabilities for carrying out large scale infrastructure or urban development projects of a limited or non-recourse financing nature.	
4.3	PERSONNEL QUALIFICATION AND EXPERIENCE	
4.3.1	<i>Project Personnel</i>	
4.3.1.1	Number of qualified professional staff available and designated for the project	
4.3.1.2	Profession, specialization and experience of the current technical, professional and managerial staff available for the project	
4.3.1.3	Number of similar projects in which the available/designated staff have participated during the last 10 years	
4.3.2	<i>Fund Raising Personnel</i>	
4.3.2.1	Number of qualified professional staff available and designated for the project;	
4.3.2.2	Profession, specialization, and experience of the current funding raising (both development finance and end user finance) staff available for the project.	
4.3.2.3	Number of similar projects in which the available/designated staff have participated in structuring and fund raising during the last 10 years.	