



Physical Regeneration Strategy 2019/20- 2024/25

Introduction:

This document is part of a suite of policy and procedure documents relating to our physical regeneration function designed to support our Business Plan which states that ng homes is committed to:

- providing high quality, sustainable, energy efficient homes for all of our tenants, enhanced through our new build housing programme
- diversifying our stock type and provide mid market rent properties as well as homes for social rent, where there is clear unmet demand
- tackling fuel poverty, energy inefficiency and climate change.

We will also encourage private sector investment in housing and retail, to attract a more diverse range of people into the area and provide a greater choice of tenure.

Over the years, Glasgow City has witnessed investment and regeneration activity on a significant scale, leading to major change and positive improvements in the City's living, working and natural environments. As local, regional and national frameworks and strategies have become more sophisticated and connected (and new build development grant funding more constrained), the role of local RSLs and other organisations has never been more important. It is within this context that our Physical Regeneration Strategy fits, naturally underpinning our Business Plan priorities and the local development strategies, area masterplans and policy frameworks of local and central government.

Physical Regeneration Strategy:

The Association's Physical Regeneration Strategy outlines our approach to developing new housing over the next five years (2019-2024). As stated above, our aim is "to provide high quality, sustainable, energy efficient homes for all of our tenants" in line with our Business Plan priorities.

To achieve these aims, the Association will:

- annually review its strategic new build development priorities blending local aspirations and local needs with the Glasgow City Council's (GCC) strategic aims, objectives and investment priorities
- inform, support and participate in the Scottish Government's Strategic Housing Investment Framework, Glasgow's Strategic Housing Investment Plans, and Glasgow's Local Housing Strategy.
- compete for national and local development grant funding by completing grant and investment funding applications.
- participate in the appropriate Local Housing Forums and Community Planning Partnerships.
- identify and engage with like-minded partners, stakeholders, investors and funders who share our goal
- work with the Council to realise the aspirations for the North Glasgow area in both our Business Plan and the Council's:
 - City Plan
 - City Development Plan
 - Design Strategy/The Glasgow Standard October 2018
 - Affordable Housing Development Guide
 - Strategic Housing Investment Plan
- continue to play an active role in the implementation of the Scottish Government's and Glasgow City Council's sustainable development agenda to meet environmental, sustainability and carbon reduction policy targets to mitigate the impact of climate change and become a carbon neutral city by 2037 or sooner.

- continually review how, what, when, where and why we do things and look for new, modern and innovative ways of:
 - attracting new build development funding
 - developing our wider role in the Community and the City
 - modernising construction
 - procuring investment, funding and finance

Physical Regeneration Programme and Capacity:

All our projects will be included at the appropriate stage in Glasgow City Council’s Strategic Housing Investment Plans (SHIPs) and is based on resource planning assumptions which covers a five year period. We will aim to ensure a balance of tenures is delivered throughout the Council’s five year development plan period. We will also review our Strategy and Development Funding Plan annually and submit this to Glasgow City Council.

The Association recognises that there are significant social care housing needs in the City and will ensure that there is a target of 10% of units (in new build developments of +20 units) which are wheelchair readily adaptable to ensure our housing stock becomes more accessible.

Our five year Physical Regeneration Plan for 2019/20 -2024/25, is summarised in the table below:

New Build Development	2019-20-24			
Location	Commercial Units	SR Units	MMR Units	Total Units
46 Keppochhill Road, G21	1	28	21	49
Ashfield, Crowhill, Kippen Street, G22	-	12	-	12

The Association has not developed new build housing since August 2011 and this plan reflects an increase in our unit projections with our Keppochhill new build development aiming to be on site in September 2019 and our Ashfield Street development by March/April 2020.

Investment & Regeneration and Finance will liaise closely on the methodology of assessing project viability. We will assess projects using agreed assumptions on rents, voids, management, maintenance, major repairs and discount rates and ensure that we develop new stock in a balanced way, within an appropriate portfolio of projects, which creates long term value for ng homes without undue additional risks.

Our new build development capacity could increase if future funding levels improve, or our capacity could reduce if conditions are unfavourable. Various factors which may affect our future new build development capacity include changes to:

- subsidy levels per unit and grant funding conditions
- inflation factors/future rent increases markedly different to current assumptions
- actual or projected revenue and capital costs
- the cost of finance and refinancing costs
- financial covenants, including gearing and borrowing limits
- operating costs associated with pension and accounting requirements

Any significant changes which may impact on our strategy and make it unviable will mean ng homes having to amend our future programme accordingly and consider an alternative strategy based on:

- upgrading, remodelling, redevelopment of our existing stock
- assessing a pro-active strategy which includes selective disposals
- activities to cross subsidise new affordable housing development
- a limited number of funded showcase projects involving innovation
- expanding partnership arrangements with other RSLs and Councils
- expanding our range of development/project management consultancy services

Mid Market Rent and Alternative Tenures:

Mid market rent is a key alternative tenure to social rent. Our objective in providing this tenure will be to respond to market demand and housing needs, provide more variety of tenure in affordable housing, assist in created more mixed tenure communities, assist labour mobility and also support local economic development.

The Association will identify the type and range of MMR projects to be developed or leased based on the following factors, project location, funding viability, housing area assessments, housing needs/demands, target groups, house types, market rental and social rental values and risk assessment outcomes.

Decisions on whether ng homes develop specific projects for MMR will take account of factors including location, number of units within an overall project, other tenures in the project (e.g. retail

units), any funding issues and relative capacity issues. Each project will be considered on its merits.

Customers and Stakeholders:

We will provide new supply affordable housing to meet the needs of a full range of customers, with qualitative and quantitative feedback from surveys to assess satisfaction levels and identify areas for improvement and we will work collaboratively with a range of stakeholders:

- tenants, purchasers of new homes and communities
- grant funders, including GCC and the Scottish Government
- private finance funders, including banks and private placement providers
- the Scottish Housing Regulator and other supervisory bodies
- development partners and RSLs
- developers, contractors and consultants
- other voluntary, public sector and private organisations

Feedback from stakeholders will be used to review our Physical Regeneration` Strategy. For example resident satisfaction surveys will be used to assess overall satisfaction with our new homes and we will enhance communication to achieve improved processes and to monitor and review satisfaction and complaints.

We will increase our staff levels and skills to ensure capacity is consistently high in achieving quality, units and spend outcomes and we will seek to streamline our processes to maximise outputs using our current resources.

Physical Regeneration Objectives:

Our key priorities will be to:

- develop small scale strategic and new build opportunities in our area of operation
- deliver high quality social rented homes and alternative tenures
- deliver community benefits as part of our capital programme
- enhance our collaborative working arrangements to manage risks
- deliver innovation and improve quality

Whilst we recognise that new build development in the future may be limited, due to a range of financial constraints, development of new housing will be a key strategic objective through:

- delivering different affordable tenures to meet a range of needs
- completing new housing to meet growing demand from tenants and customers
- expanding opportunities through wider role and other services
- building our asset base
- encouraging innovation and providing a competitive edge
- providing employment and economic activity
- enhancing and promoting the reputation of the Association.

Project and Viability Assessments:

Housing need and market assessments will be undertaken for all projects to ensure that they contribute to our aims and objectives

New developments will continue to be reviewed against a portfolio of financial viability objectives, including the cash position as at year 30, the net present value (NPV), based on agreed projected cost of borrowing rates, and on a projected internal rate of return (IRR).

Outcomes will be reviewed against established minimum targets based on updated viability objectives. Projects not achieving the required portfolio of outcomes will only be carried forward by exception if specifically approved by the Board/Regeneration Sub-Committee.

As part of our Business Planning process, assessments are undertaken for projects, including:

- risk and market assessments
- private lender requirements
- capacity studies and internal financial appraisals
- a range of viability and value for money assessments
- identification of core and additional funding sources
- new build development service costs based on corporate services/budget information
- robust project management processes.

Our processes will help determine sustainability, procurement routes, collaborative partnership working arrangements and the appropriate delivery vehicles.

Our strategy may be influenced by welfare benefit reform and other changes and, where appropriate, this will be reflected in project briefs and the housing developed for new projects.

Collaborative Working:

The Association will continue to work collaboratively with partners and in doing so we will aim to gain benefits from:

- improved collaborative and procurement arrangements
- enhanced new build development capacity and programme flexibility
- staff new build development experience, knowledge and skills enhanced
- manage and share a range of development risks.

Working in partnership with GCC and RSLs will remain a fundamental element of our Physical Regeneration Strategy, which will be implemented through collaborative working across a range of organisations. New collaborative arrangements will be considered with other potential partners where mutual benefits can be demonstrated.

Risk Exposure:

A full range of risks will continue to be assessed, monitored and managed as part of the new build development process. The following factors are key risk factors related to physical regeneration:

- uncertainty and significant change in financial or housing markets
- pressure on grant rates and/or costs
- procurement non-compliance
- planning and building warrant process.

Quality Standards:

Quality of built environment is essential when providing affordable housing and we will require our design consultants to fully recognise the Scottish Government's building, planning and design policy statements when developing design proposals for our projects, including principles identified through guidance related to Designing Streets and Place Making.

Good quality design makes a significant contribution to sustainable places. Community and sustainability are core objectives at the centre of all our strategies, policies and procedures.

Sustainability principles will be applied to implementation of this Strategy, particularly in the following areas:

- energy efficiency, quality standards and design criteria
- project briefs, housing mix, house types, layouts and external environment
- design flexibility to reflect modern living, accessibility and future adaptability.

Core criteria for new homes design standards are included in our design brief/specification and include:

- detail on required quality and specification and energy efficiency standards
- compliance with housing for varying needs and secure by design
- lifetime maintenance and health and safety requirements.

Site Acquisitions:

Any potential site acquisition will include appropriate consultation with:

- Board and Regeneration Sub-Committee
- funders and local authority to assess likelihood of funding agreement in medium/longer term
- relevant planning authority, to gauge medium/longer-term development potential
- independent assessment of land values to reflect risks inherent in land banking.

Development risks, financial risks, planning risks, environmental risks and changing market conditions will all be recognised as part of the project assessment.

Conclusion:

The Association's Physical Regeneration Strategy shall be underpinned by a series of Policies and Procedures, designed to keep the Association at the forefront of local change. We will work towards our vision of delivering a new North Glasgow, a community where people can flourish and prosper. We will also strive to achieve our mission to provide quality homes and on-going community regeneration and empowerment.