



<b>Title</b>	<b>Development Policy</b>
<b>Purpose</b>	This policy has been compiled to give guidance on the objectives of the Housing Association in relation to the delivery of housing development projects
<b>Scope</b>	<p>This policy is applicable to all new build and conversion projects developed by Maryhill Housing.</p> <p>The Association's Board has responsibility for approving all key development stages.</p> <p>The North West Partners Development Hub Executive Group is responsible for monitoring the delivery of the development programme.</p> <p>The Director of Resources holds the lead responsibility for this policy with responsibility for implementation delegated to the Head of Development.</p>
<b>Definitions</b>	Definitions are as listed on Appendix H
<b>Policy Statement</b>	<p><b>Why we want to develop</b></p> <p>Maryhill wishes to develop new housing in order to meet two of its Corporate Business Plan strategic objectives:</p> <ul style="list-style-type: none"> <li>• Addressing poverty and enable customers to make their lives better</li> <li>• Providing better homes and developing neighbourhoods to feel proud of</li> </ul> <p><b>What we want to develop</b></p> <ul style="list-style-type: none"> <li>• We will build new affordable housing that contributes to meeting our strategic objectives, is viable, is aligned with the priorities set out in the Glasgow Housing Strategy and Strategic Housing Investment Plan and responds to the North West Glasgow Housing Needs and Demand Assessment.</li> <li>• We will consider regeneration initiatives through active asset management, including e.g. buy backs, conversions and refurbishments of existing stock, where this would contribute to the strategic objective.</li> <li>• The creation of Place will be at the heart of all design decisions to ensure that, in addition to the new homes, the surrounding environment represents a great place to live with a feeling of community belonging.</li> <li>• We will aim to achieve the highest level of sustainability in development projects. These will include the appropriate level of heating and insulation aimed at ensuring occupiers are protected from fuel poverty now and in the future.</li> </ul>

- We will install a renewable energy source within our development projects, in line with current building regulations. Where this results in benefits to individual tenants, e.g. feed in tariffs, the Association will consider an appropriate rent increase to reflect the added benefit.
- Our priorities for development are:
  - Low density larger family housing
  - Tenure diversification
  - Older people's accommodation
  - Specialist accommodation (e.g. for people with disabilities)
  - Sites within the Maryhill Transformational Regeneration Area.
  - Sites of strategic importance to the regeneration of Maryhill (e.g. derelict buildings)

#### **How we will build**

- The Association's Procurement and Community Benefits Policy and Annual Procurement Strategy set out our approach to procurement, and are regularly reviewed to ensure the Association complies with current legislation. Our Procurement Toolkit helps staff to select the most appropriate procurement option for each project.
- The Association will consider which procurement route to choose for each new build development and obtain Board approval as appropriate for each project. This will consider the benefits of different routes, the risks associated with each route and how we can best mitigate these risks. The risks, advantages and disadvantages of different procurement strategies are shown in Appendix. A.

#### **Governance of the development process**

- We will ensure that our Board and senior staff have the appropriate skills, experience and governance arrangements in place to provide effective oversight of the development programme. The development and Board approval process is included as Appendix B.
- The Board has responsibility for all development approval stages and overall development strategy and policy.
- The Board has delegated responsibility for monitoring of the delivery of the development programme to the North West Partners Development Hub Executive Group.
- No project will be brought into the development programme and no contract will be awarded without first being approved by the Board.
- Maryhill will adopt the best practice principles as per the SHR thematic study, summarised at Appendix C.

#### **How we will assess development sites**

- Consideration of new developments meeting the demand and needs of residents will be assessed before bring developments onto the programme. Inclusion of a mixture of tenures will be considered on all new development projects.

- This assessment will be done using the Project Suitability Assessment Appendix D.

#### **How we will assess value for money**

- At each development gateway each project will be assessed for value for money and that the project is achieving the lowest cost possible for the quality required. A comparison with the industry norm for similar development projects will be provided. In addition, the levels of community benefits that need to be delivered alongside any new housing will be provided.

#### **How we will manage risk**

- There is significant risk in undertaking property development projects in relation to demand and viability. These risks will be mitigated through:
  - active project appraisal,
  - appropriate assessment of housing need and demand in our area
  - robust management during the development cycle
- An appropriate and robust risk register will be established for each project and regularly updated. A sample project risk register is shown at appendix E.

#### **How we will involve Stakeholders**

- Early engagement with stakeholders and customers will be embedded in project management processes.
- To enable active and constructive relationships with key stakeholders including tenants; internal service users; funders; regulators; local authority and RSL partners; housing building contractors and developers; and Scottish Government a Stakeholder Register will be maintained for every project,
- A Communications Plan is in place for all new build projects.
- Appendix F sets out the stakeholder register and Communications Plan for new build projects.

#### **How we will assess financial viability**

- Financial appraisals will be carried out at key stages as the project progresses e.g. Feasibility, Acquisition, Planning, Tender, Post Completion. The information will be updated at each stage to reflect the latest development cost data and the development proposals are firmed up.
- The financial appraisal will take into account:
  - the housing mix, tenure type and resulting rental or sales income;
  - the total estimated development costs including all works, fees, acquisition, marketing and funding costs, and will include any known abnormal costs
  - the ongoing management, maintenance and investment costs over a 30 year period
  - assumptions for inflation, loan interest rates and margins, rental income annual increases, voids and bad debts
  - the timing of any grant payments, .e.g. the need for front funding

	<ul style="list-style-type: none"> <li>• The financial appraisal will be used to calculate the funding requirements for the project including the HAG subsidy required and the private funding and will also assess the long term viability of the development in the 30 year Business Plan.</li> <li>• Each development will require neutral net present value over thirty years. Any additional financial contribution from the Association will require Board approval.</li> <li>• The assumptions to be used for appraisal purposes are set out in Appendix G and will be updated on an annual basis as part of the Business Planning process.</li> </ul>
<b>Approval</b>	Board – 29 April 2021
<b>Policy Owner</b>	Alistair McArthur - Head of Development
<b>Next Review</b>	April 2024