



<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 and conversion 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 and for monitoring delivery of the Development Programme.</p> <p>The Association's Development Working Group has responsibility for approving the design of new build and conversion projects.</p> <p>The Chief Executive 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 F
<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>• Enabling better lives</li> <li>• Providing places 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 non carbon heating within our development projects, in line with current building regulations.
- We will design our homes to include the appropriate ventilation system to minimise the possibility of ventilation problems such as condensation and mould
- 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 North West Glasgow (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.

#### **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 gateway approval process is included as Appendix A.
- The Board has responsibility for all development approval stages, except those delegated to the Development Working Group as set out at Appendix A, and overall development strategy and policy.
- The Board has responsibility for monitoring the delivery of the Development Programme.
- No project will be brought into the development programme and no contract will be awarded without first being approved by the Board.
- Board will approve the SDFP (Strategic development Funding Plan) submission to Glasgow City Council annually. The SDFP identifies a 5 year funding requirement for development projects.
- The Board approves the Association's Growth Plan annually as part of the business plan. This includes all projects assessed a very likely or reasonably likely to proceed.
- Maryhill will continually review best practice and refresh this Development Policy in response.

**How we will assess development sites**

- Consideration of new developments meeting the demand and needs of residents will be assessed before bringing 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 B.

**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 where possible. In addition, the levels of community benefits that need to be delivered alongside any new housing will be provided.
- The Association will participate in benchmarking exercises and external reviews of the Association's procurement approach to ensure value for money is achieved.

**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 C.

**How we will involve Stakeholders**

- Early engagement with stakeholders and customers will be embedded in project management processes.
- The Association will develop and maintain 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 D 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;

	<ul style="list-style-type: none"> <li>○ the total estimated development costs including all works, fees, acquisition, marketing and funding costs, and will include any known abnormal costs</li> <li>○ the ongoing management, maintenance and investment costs over a 30 year period</li> <li>○ assumptions for inflation, loan interest rates and margins, rental income annual increases, voids and bad debts</li> <li>○ the timing of any grant payments, .e.g. the need for front funding</li> <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 E and will be updated on an annual basis as part of the Business Planning process.</li> </ul>
<b>Approval</b>	Board – 25 April 2024
<b>Policy Owner</b>	Alistair McArthur - Head of Development
<b>Next Review</b>	April 2027

## Development Policy – Appendix A

### Development Gateways

**Note: If there are significant changes to a development there is then a requirement to revisit the previous Gateway and seek relevant approvals with updated information.**

**Examples of significant changes are:**

- **Significant change in tenure mix, e.g. not changing unit numbers within different tenures to fit the design**
- **Change in client group**
- **Change in procurement route**
- **The financial model being re-run and the scheme no longer meeting the viability definition in the Development Policy.**

**Strategic context for development:**

**Growth plan.** Approved annually as part of business plan in March.

**Development financial assumptions.** Approved annually as part of business plan.

**Strategy and Development Funding Plan (SDFP)** issued to Glasgow City Council when requested

**Development policy (renewed every three years).** Sets out definition of financially viable new build.

Board approval		Development working group approval	
<b>Annual Growth Plan</b>			
<b>Board approval required of:</b> - Medium term development ambitions	<b>Board approval required to:</b> - Submit SDFP (if no changes from business plan) - Move through Gateways 1 and 2 for schemes identified in the Growth Plan where per scheme feasibility costs are either fully funded through HAG or less than £20k		
<b>Ad hoc additions to the growth plan</b>			
<b>Board approval required of:</b> - Adding properties to the Growth Plan	<b>Board approval required to:</b> - Move through Gateways 1 and 2 for schemes identified in the Growth Plan where per scheme feasibility costs are either fully funded through HAG or less than £20k		
		<b>Gateway 1: Outline feasibility (for schemes identified in the growth plan)</b>	
-	-	<b>Working group approval required of:</b> Initial internal site assessment	<b>Working group approval required to:</b> - Commission desktop feasibility study - Procure design team
		<b>Gateway 2: Detailed feasibility/site investigations (for schemes identified in the growth plan)</b>	
-	-	<b>Working group approval required of:</b> Desktop feasibility	<b>Working group approval required to:</b> - Carry out site investigations - Carry out title searches

			- Carry out land valuation/negotiation
<b>Gateway 3: Site acquisition</b>			
<b>Board approval required of:</b> <ul style="list-style-type: none"> <li>- Updated financial appraisal including outline proposals of private finance source</li> <li>- Title searches</li> <li>- Site investigations</li> <li>- Updated tenure/property type mix</li> <li>- Proposed procurement route</li> </ul>	<b>Board approval required to:</b> <ul style="list-style-type: none"> <li>- Carry out stakeholder engagement</li> <li>- Incur consultants' fees up to planning</li> <li>- Acquire site</li> <li>- Submit planning application</li> <li>- Proceed to tender</li> <li>- Develop private finance proposal in line with Treasury Management Policy</li> </ul>		
		<b>Gateway 4: Planning</b>	
<p>Between site acquisition and tender approval financial appraisal will be re-assessed at cost plan stage (if following traditional procurement route). If there are any difficulties in securing the necessary private finance or if there are any significant changes to tenure mix/client group, the scheme must come back to Board prior to tender</p>		<b>Working group approval required of:</b> <ul style="list-style-type: none"> <li>- Detailed designs</li> </ul>	<b>Working group approval required to:</b> <ul style="list-style-type: none"> <li>- Submit planning application</li> </ul>
<b>Gateway 5: Contract award</b>			
<b>Board approval required of:</b> <ul style="list-style-type: none"> <li>- Tendered works costs and associated financial risks (including details of any contingent works at 10% and</li> </ul>	<b>Board approval required to:</b> <ul style="list-style-type: none"> <li>- Sign contract</li> <li>- Commence works on site</li> <li>- Incur additional expenditure in respect of contract contingency sums up to</li> </ul>		

implications of unforeseen costs) - Full fees - Updated financial appraisal including finalised private finance proposals	approved contingency level (additional Board approval required to submit claims for price changes).		
		<b>Gateway 6: Project completion</b>	
		<b>Working group approval required of:</b> - Post completion review - Value for money assessment	

## **APPENDIX. B**

### **DEVELOPMENT PROJECT SUITABILITY ASSESSMENT**

Does the project assessment:

- Fit with strategic corporate objectives and priorities and overall strategy
- Align with Scottish Government and local housing strategy priorities and objectives
- Meet Housing need/demand: details of mix, tenure, location
- Address social services needs/demands
- Satisfy location factors (proximity to facilities, transport, surrounding properties/environment)
- Comply with local plan designations, statutory consents required and any constraints
- Consider any interests by other private/public sector bodies
- Assess market assessment (in the case of Shared Equity), sales values, risks if marketing unsuccessful
- Reflect sustainability issues, development constraints, known or suspected ground conditions, requirements for environmental audits, site survey investigations
- Consider the proposed procurement – off the shelf/design and build
- Study Technical viability – ground and environmental conditions, flood risk
- Assess the Level of Community Benefits
- Legal implications and title restrictions
- Are there operational Benefit
- Development Appraisal and impact on Business Plan
- Costs, Funding, Rent levels and affordability
- Stakeholders and how they will be involved in the development of the proposals
- Timescales/Programme

Example proforma shown below:

<b>FEASIBILITY STUDY</b>	
<b>Site/Project</b>	Shawpark Street
<b>Address (attach location plan)</b>	12 – 24 Shawpark Street G20 9DA
<b>Ownership details</b>	Glasgow City Council
<b>Planning Status</b>	CDP 2 City wide Sustainable special strategy site
<b>Back Ground</b>	The site was previously occupied by GCC housing which were demolished for an unknown reason. In 2014/15 the Association the budgeted to undertake the renewal of bin store facilities and repair of back court hard landscaping areas. This project was abandoned due to difficulties with existing owners. There are a total of 90 properties, including 24 owners surrounding the site.
<b>Existing ground</b>	The existing site is a landscaped area and open amenity space. The site areas - 1884 sq. m (0.446 acres)
<b>Cost</b>	The cost of a feasibility study as follows: Architecture fee £ 2,700.00 Quantity surveyor fee £ 750.00 Structural engineer fee £ 1,350.00 Management fee £ 210.00 Third party costs £ 250.00 Total excluding vat £ 5,260.00 Total vat @ 20% £ 1,052.00 <b>Total payable £ 6,312.00</b>
<b>Development</b>	A development of circa 24/30 flats for the elderly is proposed. An alternative would be flats for mid-market rent. Our housing needs assessment highlights a requirement for larger family housing. Due to the site specifics a low level family housing development would not be appropriate.
<b>Risks</b>	Risks: The Association will be undertaking the relevant notification and negotiation with owners in accordance with their title deeds. The development is not feasible The Council decide not to fund A purchase price cannot be agreed with the Council
<b>Approval Required</b>	<b>Approval received to undertake a feasibility study.</b> The results of the feasibility study will be reported to Board and if this indicates a potential for viable development and then if appropriate a report to Board seeking approval to advance to acquisition stage.



## APPENDIX. C

### PROJECT RISK REGISTER

Project risks are separated into two specific risks the client's projects risks and the constructor's site risks

Clients project risks:

- Land - appropriate and affordability land to meet type of housing identified in the Housing needs and demands assessment
- Title Issues (e.g. wayleaves etc.)
- Infrastructure costs and delays
- Environmental & Habitat costs and delays
- Statutory consents and delays e.g.
  - Planning
  - Building warrant
  - Scottish water
- Construction cost inflation and availability of house builders
- Unforeseen costs during construction
  - Procurement route and tendering method
- Rent affordability and inflationary pressures
- Risks associated with different housing tenures
  - Mid-market Rent
  - Houses sales
- Availability of affordable private finance
- Availability of housing association grant (HAG)
- Contractor and design team performance
  - Construction disputes
  - Contractor liquidation

A risk template has been developed for on-site activities as shown below. This is monitored and update at every monthly site meeting:

Sample of risk register from a current development:

Category	Risk	Issue	Probability	Impact	Score	Mitigation	Owner(s)	Target Date	Status	% Resolved	Outcome/Update	Estimated Cost	Actual Cost	Cost Impact +/-
<b>Consents</b>														
Operational	Cleansing of conditions on planning approval - in particular the remediation strategy	Delay to programme if not cleansed	2	4	8	CBRL / EC / CDP are currently addressing same and are providing regular updates via their tracker at the monthly progress meetings	CBRL / EC / CDP	Sep-20	Open	65	ongoing			
Operational	Building Warrant approval for stages 2-4	Delay to programme impacting on site start date	1	4	4	Ongoing technical meetings to review and close out the design. EC confirmed at progress meeting Stage 2 amendment will be submitted once additional precast information is received from sub-contractor	CBRL / EC / CDP	Sep-20	Open	80	Stage 1 approval received, Stage 2 will be submitted in the coming weeks			
Operational	Insurances	Awaiting sign off of the level of cover	1	1	1	Ongoing discussions between the parties	CBRL / MHA / nbm	Aug-20	Closed	100	Resolved			
Operational	Section 56 still to be approved	Delay to programme and affect on other items	1	4	4	Early and continued dialogue with the roads department to close out consent	CDP	Aug-20	Closed	100	Approval issued			
Operational	Contractor Liquidation	Contractor entering liquidation	1	5	5	Client to do a financial assessment / check on contractor	CBRL / nbm	Ongoing	Open	75	MHA to advise			
Operational	Adopted road sign off	Adopted road to be signed off upon completion	1	4	4	CBRL to ensure adopted road is constructed as per the drawings to ensure sign off is provided. CoW will review on site to ensure compliance.	CBRL	TBC	Open		Will be reviewed when the works commence and from there on			
<b>Design</b>														
Financial	Changes to design	Delay to programme, impact on consents and increased costs	1	3	3	Client to respond quickly to any approvals or additional costs that are raised throughout the project	All	Ongoing	Open	50	Client continuing to review any proposals and samples as quickly as possible and passing acceptance to CBRL in a timely manner			
Financial	Brexit	Labour force and funding may be reduced as a result of Brexit	2	4	8	Brexit decision made and monitoring outcome	All	Ongoing	Open	50	Yet to see the affects of this on the industry as a whole			
Financial	Costs exceeding contract sum	The contract sum being exceeded	2	4	8	Regular meetings / discussions to review any variations and close monitoring of costs to provide compensatory savings where necessary. Monthly Cost Reports issued to MHA.	CBRL / nbm / MHA	Ongoing	Open	20	Costs are currently on track and in line with the agreed contract sum. nbm continuing to review any variations / extras with CBRL along with noting any of these within the monthly Cost Reports			
Financial	Delay to Programme	Site start date and proposed completion date is exceeded	3	4	12	Regular meetings with minutes and agreed actions along with a Contractor's Report detailing any delays on-site	CBRL / EC / CDP	Ongoing	Open	20	Proposed site start date was achieved however, an extended completion date may be required subject to current government guidelines and workforce on-site. Live water main found on site which needs SW to disconnect. Awaiting their attendance.			
Financial	Construction of unforeseen works	Contractor may derive that additional works are required in order to complete the project	1	4	4	Robust D&B tender document	CBRL / EC / CDP	Ongoing	Open	20	Revised Kingpost system has now been installed along with some additional sheet piling in order to maintain the integrity of the land next to the public footpath			
Financial	Secure by Design Gold Accreditation	Gold standard to be achieved within the project	1	3	3	CBRL to ensure project is built to comply with same with assistance from EC	CBRL / EC	Ongoing	Open					
Financial	Energy Accreditation	Energy accreditation to be achieved within the project	2	4	8	CF to liaise with CBRL throughout the project ensuring energy accreditation can be granted upon completion	CBRL / CF	Ongoing	Open					
<b>Site conditions</b>														
Operational	Level differences to be addressed across the site	Various levels challenges has the potential to negatively affect cost and design	1	4	4	Review of site levels followed by robust groundworks strategy.	CDP	Closed	Open	100	Resolved			
Operational	Coronavirus Pandemic	COVID-19 lockdown reoccurring	2	4	8	Careful safety measures on-site in accordance with current government guidelines.	All	Ongoing	Open	35	Government guidelines have enabled construction to continue during the Tier 4 status however, some issues may arise with operatives self isolating etc. CBRL to continue to monitor on-site. In addition, the government has announced a road map to Tier 3 restrictions being put in place towards the end of April - once this is reached the risk of the virus will have decreased			
Operational	Neighbouring property event	Any disruption or encounters with neighbouring properties	2	4	8	6.5.1. insurance in place, regular correspondence with adjacent properties, site registered with considerate constructors	CBRL	Ongoing	Open	30	Complaint made about noise by adjacent owner but works being carried out in line with local authority requirements			
Operational	Community Benefits	Community Benefits are to be provided by RPH for the project	1	3	3	CBRL to review requirements from tender and liaise with MHA on same.	CBRL / MHA	Ongoing	Open	20	CBRL & MHA to liaise directly in order to arrange the appropriate contributions, nbm to ensure these contributions are in line with the matrix within the Employers Requirements document.			
<b>Procurement</b>														
Operational	Conditions to letter of acceptance	Conditions inserted on letter of acceptance being negotiated	2	4	8	CBRL reviewing conditions and to return thereafter	CBRL / MHA / nbm	Aug-20	Open	60	Resolved - LOA signed and returned by CBRL			
Operational	Insolvency of supply chain	Supply chain may suffer in relation to sub-contractors and procurement of certain elements required for the works to be completed	2	5	10	CBRL to monitor the status of the supply chain and use any reliable, reputable sub-contractors who can confirm are still operational	CBRL	Aug-20	Open	20	This will be continually monitored as the project progresses however, with the continuing increase of construction projects and gradual ease of current government restrictions, all parties are confident the supply chain will maintain it's current state			
<b>Probability</b>														
<b>Title</b>					<b>Overall Risk Score</b>									
<b>Title</b>		<b>Score</b>			<b>P x I</b>		<b>Score</b>							
Almost Certain		5			13 to 25		Unacceptable risk to be eliminated							
Likely		4			7 to 12		Undesirable risk to be avoided							
Moderate		3			3 to 6		Acceptable provided management							
Unlikely		2			1 to 2		No consideration							
Rare		1												
<b>Impact</b>														
<b>Title</b>		<b>Score</b>			<b>Owner</b>									
Catastrophic		5			MHA					Maryhill Housing Association				
Major		4			DT					Design Team				
Moderate		3			EC					Elder & Cannon				
Minor		2			CBRL					Cruden Building & Renewals Ltd				
Negligible		1			nbm					nbm Construction Cost Consultants				
					CDP					Clyde Design Partnership				
					SB286					Safety by 286				

## **APPENDIX. D - STAKEHOLDER REGISTER**

Sample of project stakeholders:

Glasgow City Council:

Neighbourhoods, Regeneration and Sustainability   Planning   Roads

Refuse collection

City Property

Building Control

Local Councillors

Local Member of Parliament (MP)

Local Member of Scottish Parliament (MSP)

Community Council

Local Residents

Residents Association

North West Partners

Scottish Government

Scottish Canals

Internal Departments: Housing management; Asset management; Finance ; Customer services; Property.

## New Build Communication Plan

Stage	Internal consultation/engagement	External consultation/engagement	Press/public	How to promote	Other notes
<b>Feasibility</b>	Presentation to Development Working Group on outcome of desktop feasibility study.	Presentation to funders (DRS).	Possibly announce outcome of feasibility study.	Website and social media.	Contact Housing News outlets.
<b>Outline Design</b>	Presentation to Development Working Group on outcome of detailed feasibility study.	Consultation event with surrounding neighbours and stakeholders.		Website and social media.	Consultation to be arranged by Development Team.
<b>Detailed Design Planning</b>	Presentation to Development Working Group to planning application.	If required, second consultation event with surrounding neighbours and stakeholders.	Announce planning application and planning consent.	Website and social media.	Contact Housing News outlets.  Consultation to be arranged by Development Team.
<b>Site Works</b>		Engagement event with the builder and surrounding neighbours/ stakeholders prior to site start.	Announce signing of building contract and site start confirmation.  Possible photo opportunity on site at start of site works.	Website, social media and newsletter.	Contact Housing News outlets.  Engagement event to be arranged by Development Team.  Photo opportunities and site signage.

Stage	Internal consultation/engagement	External consultation/engagement	Press/public	How to promote	Other notes
<b>Progress Updates</b>				Website, social media and newsletter.	Information to be provided by Development Team.
<b>Lettings Campaign</b>				Website, social media and newsletter.	Mid-market rent? Speak to Housing Management.
<b>Completion</b>		Consultation with customers on design etc.	Photo opportunity with customer to announce completion.	Show home/flat, visit from Govt minister/local Cllr, website, social media and newsletter.	Consultation to be arranged by Development Team. Development Team to identify customer for photo opportunities/quotes. Videos, photos, PR, visits.

Note: Refer to any Scottish Government and funding in press releases and all press releases must be approved by GCC NRS

## DEVELOPMENT POLICY APPENDIX. E

### FINANCIAL APPRAISAL ASSUMPTIONS (Approved March 2024)

The following assumptions will be used for financial appraisals of developments, and will be updated annually as part of the Business Planning process.

As projects progress through the various approval stages, the assumptions will be replaced with latest known actual costs.

#### Management Assumptions

Item	Basis of Assumption	Assumption Applied
<b>Capital Build Costs</b>		
Land acquisition per unit	Where we do not currently own the land or where a nil value transfer of the site is not possible, an assumption will be made of likely acquisition costs taking into account site conditions.	Range of £5,000 to £20,000
Works cost per unit	Where we have yet to receive any cost plan estimates from a QS, a per unit build cost ranging from £200k for smaller properties through to £310k for complex sites and/or larger properties will be utilised. The Head of Development will select the appropriate level of works cost estimate based on the current knowledge of the site and feasibility information.	Range of £185,000 to £210,000
Other capital costs per unit	Where no fees and other costs data has yet been obtained, assumption of £20,000 per unit (such as feasibility, site investigation, consents, utilities, design team professional fees, clerk of works). For single properties requiring significant conversion, fee estimate of up to £52,000 will be used.	£20,000 for multi unit projects  Up to £52,000 for single unit projects
<b>Mixed Tenure Sales &amp; Marketing</b>		
Marketing & Promotion – NSSE sales	Based on historical costs/trends	£2,500 per unit
Marketing & Promotion – letting of mid market rent	Based on historical costs/trends	Up to £500 per unit

<b>Item</b>	<b>Basis of Assumption</b>	<b>Assumption Applied</b>
Marketing Incentives (if required)	Based on historical costs/trends	£500 per unit
Mid Market Rent	Higher specification, plus white goods, blinds and carpets.	£5,000 per unit
New Supply Shared Equity	Higher specification, plus white goods.	£5,000 per unit
<b>Operating Costs &amp; Income</b>		
Rental Income	Based on current rent structure inflated to year of completion. If applicable a rent cap is applied in the first year of let to ensure rents are not above the Scottish Government benchmark level which applied at the point of HAG tender approval.	n/a
LHA Rate – mid market rent	Assumption that current LHA rate will increase by 1% each year until completion	+1% per annum
Rent Increase – social rent and mid market rent	Set at CPI only increase following completion	CPI
NPV Capital Repayment Period	The period over which the Net Present Value will be measured and the loan capital is assumed as fully repaid will be set at 30 years	30 years
Loan Interest Rate	This will reflect the Business Plan assumptions on variable rate interest over the 30 years plus assumed loan margin, or if appropriate any loan margin already agreed for future borrowing	variable interest + loan margin of 1.5%
CPI	As per Business Plan, assumptions reviewed annually	n/a
Management cost per unit (social rent and MMR)	As current staffing structure has capacity to absorb these new units no additional staffing or overheads would be incurred. Management cost limited to building insurance costs per unit. Assumption rate is then uplifted by inflation to year of completion	£153 as at 2024/25
Maintenance cost per unit (social rent and MMR)	Housemark data for the Association 2017/18 £817.53 (limited change by 2019/20 £811.08 so per unit cost left unchanged), adjusted to reflect lower reactive and voids repairs for newbuild units. Year 1 10%, Year 2-5 20%, Year 6-10 50%, Year 11-15 70%, Year 16-30	£605 as at 24/25

Item	Basis of Assumption	Assumption Applied
	80%. Gives average of 63% Assumption rate is then uplifted by inflation to year of completion	
Major repairs cost per unit (social rent and MMR)	Average annual cost of 0.8% of estimated works cost average of £135k per unit (ignores recent tender increases). Assume applies from year 5 onwards, giving 30 year average of 0.67% Assumption rate is then uplifted by inflation to year of completion	£1063 as at 24/25
Voids & Bad Debts	Combined voids and bad debts assumed at 5%, this is in excess of actual levels assumed in Business Plan to build in an element of contingency to the appraisal	5%

## **Development Policy APPENDIX. H**

### **DEFINITIONS**

#### **North West Partners Development Hub**

Maryhill Housing and Queens Cross Housing Associations formed a collaborative partnership in 2017 called North West Partners and through this we operate a development hub. The purpose of the Hub is to share the Associations' resources in relation development services in order to deliver their respective development programmes and to equip the Associations with the capacity to react to ad-hoc development opportunities that arise within the each Association's respective areas of operation.

#### **Asset management**

The process of developing, operating, maintaining, upgrading, and disposing of existing houses.

#### **Benchmark HAG**

(See HAG). This is the HAG funding level which Scottish Government uses to assess the value for money of social housing developments. It is calculated for different tenures, e.g. the benchmark HAG for mid-market rent properties is lower than for social rent properties because the rent is higher. It is also calculated for different property sizes, then there are 'add on' amounts for enhancements to design, e.g. balconies. The HAG benchmark is not a cap, but it is a measure of value for money. Schemes requiring 'below benchmark HAG' to be viable are approved by GCC more easily than schemes requiring 'above benchmark HAG' which undergo more detailed scrutiny.

#### **Buy-backs**

Purchase of second-hand housing stock which was often purchased through the Council house tenants right to buy scheme. This is largely carried out to increase the Association's share of the ownership of tenement houses to aid with major improvements to the buildings.

#### **Brownfield sites**

An area of land previously used or built upon. The land has the potential to be severely contaminated and has high concentrations of hazardous waste or pollution due to previous uses of the land,

#### **Capital**

Money either from the Association's' own bank account or raised from the bank as a loan

#### **CDM**

Construction design management regulations 2015

#### **Construction cost inflation**

The amount the cost estimate for the building works may change during the period from the feasibility study to the tender award due to the increase in the cost of material, labour etc. in the construction industry

#### **Conversions**

The change of use of a property from a non-housing to a housing use

### **Corporate Plan**

The Association's strategic business plan, which is reviewed annually by the Board and sets out the strategic objectives of the organisation and the long term financial plans to fund these.

### **Design Team**

This is the team of consultants that work up the designs and specifications for the development. They usually involve quantity surveyors, architects, engineers and landscape architects.

### **Fuel Poverty**

Where the amount a tenant would spend on fuel to heat and light their house and for cooking leaves them with insufficient income to pay meet their daily living expenses. In most cases this is equivalent to spending no more than 10 per cent of their household income on fuel.

### **GCC NRS**

Glasgow City Council (GCC), Neighbourhoods, regeneration and Sustainability (NRS). NRS are a city council department which deals with the city's housing strategy and administration of Scottish Government's affordable housing programme

### **Greenfield sites**

An area of land, usually agricultural or amenity land, which are being considered for urban development including the construction of new houses

### **Housing Association Grant (HAG)**

This is Scottish Government grant used to support the development of new affordable housing. This, together with private housing, is used to meet the costs of new build housing. In Glasgow, this is administered by Glasgow City Council (GCC) on behalf of the Scottish Government.

### **Inflationary pressures**

Demand and supply-side pressures that can cause a rise in the general prices for example if building workers are very busy and don't need any work they may put up their prices .

### **Infrastructure**

The basic facilities and installations that are required to service new houses, including roads, schools, phone lines, sewage treatment plants, water installations, telecommunication networks, electrical power generation and flood prevention measures

### **Low-density**

Where the density of the houses on an area of land consists of mainly detached, semi-detached and terraced houses

### **Mid-market rent**

Mid-market rent is a scheme to help working households on modest incomes to access high quality affordable rented accommodation who would not qualify for social rented properties

**Net present value (NPV)**

This is a measure used to assess the long-term financial viability of a potential new build scheme. In our Development Policy we require all our development projects to meet at least 'breakeven' NPV over thirty years. This calculation takes into consideration the future costs of managing and maintaining the development, including repayment of the debt associated with the development and replacing components as required. This is a way to make sure future development doesn't negatively impact on an Association's ability to invest in its current housing.

**Offer of grant**

This is a formal document signed BY GCC and the Association to confirm the amount of HAG grant payable for a development. It includes grant conditions, e.g. what the grant is to be spent on and when it needs to be spent.

**Procurement**

The act and process for buying goods and services for example architectural services or building works

**Procurement Toolkit**

This is a resource which sets out the Association's policy for the buying of goods and services ensuring that the Association's complies with current procurement regulations and best practise.

**Revenue**

The income generated from the services provided by the business for example rental income. This is the main sources of income to meet the expenses of running the business

**Risk Register**

A regularly updated register of the potential risks associated with an undertaking such as a development projects. This would normally include a risk scoring and mitigation schedule

**RSL**

Registered social landlord

**Scheme agreement.**

This is issued by GCC to confirm that are supportive of a development in principle. It is not a commitment to fund (see offer of grant), but it does mean funding is likely to be available if other conditions are met, e.g. funding levels.

**Shared Equity**

Shared equity helps people on low to moderate incomes that want to buy a home but are unable to meet the full price. The Scottish Government helps the purchaser to buy a share in the property. They get the same percentage back when you sell. They have the option to buy the Scottish Government's equity stake.

**Stakeholders**

A stakeholder refers to anyone with an interest or concern in a project and can influence it's success. They can be affected or could be affected by the actions of an organisation e.g. a development project

**Strategic Objectives**

These are the long-term organizational goals that help to convert the mission statement into more specific plans and projects.

**Stock**

The total number of houses and apartments in the Association ownership

**Subsidy**

This is a sum of money given by as a grant by a public body to help an Association keep the price of its service low/affordable.

**Sustainability**

Sustainability can be defined as the ability to meet the needs of today without compromising the ability of future generations to meet their needs.

**Tenure diversification**

This is where there is a mixture of different housing tenures on a single site. Different housing tenures can be houses for sale (include shared equity etc.), houses for rent including different rental models e.g. full market rent, mid-market rent and social rent. In addition the opportunity to encompass different t users on a single site for example flatted accommodation with low rise family housing and housing for the elderly and housing for special needs groups.

**Voids**

A void can be defined as a property, which does not have a legitimate tenant. There are many reasons why voids occur. Sometimes a property may be awaiting a new tenant; or a previous tenant may have given notice and vacated the property.

Voids in housing are when a property is unoccupied for a period of time.



## Equality Impact Assessment

<b>Name of Project</b>	Development Policy	<b>Date of approval</b>	25 <sup>th</sup> April 2024
<b>Name of completing officer</b>	B. Willett	<b>Date EqIA created</b>	12 <sup>th</sup> April 2024

<b>Stage 1 – who will this affect?</b> Identify the main stakeholders, eg staff, tenants, applicants.
Potential tenants - applicants

<b>Stage 2 – Scoping Exercise - Equality evidence used in this Equality Impact Assessment</b>	
Identify the main sources of the evidence, both quantitative and qualitative, that supports your analysis. This could include for example, data on the Association’s workforce, tenants or applicants	
<b>Information Source (include link where published)</b>	<b>What does this information include?</b>
Housing needs and demand study (2017) F:\Housing needs and demand study	Information on applicants and demand for different types of housing. This indicates that the wait for larger family and older people’s housing is much longer than smaller general needs flats
Housing type by and size by ethnicity (UK) <a href="https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/demographics/families-and-households/latest#household-types-by-ethnicity">https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/demographics/families-and-households/latest#household-types-by-ethnicity</a>	Information on different household type for people from different ethnic backgrounds
Glasgow Housing Strategy. <a href="#">Glasgow's Local Housing Strategy 2023 to 2028</a>	Setting out very high demand for larger family, older people’s housing and housing for people with disabilities in Glasgow.

	Glasgow are currently housing larger families (4 and 5 bedrooms) in temporary accommodation and have confirmed these types of homes are a strategic priority
<a href="#">Glasgow Population Projections</a>	Population projections for Glasgow, including growth of older people, single person households and larger families

**Stage 3 – Considering the above information, what impact will this proposal have on protected groups? Consider whether the impact is positive, negative or neutral.**

<b>Sex</b>	Positive impact on women. Women are more likely to head up single parent families and therefore could benefit from building more larger family housing.
<b>Gender Reassignment</b>	Neutral impact.
<b>Age</b>	Positive impact on older people because of the proposal to build more older people's housing. Positive impact on younger people because younger households are more likely to move into mid market rented accommodation. This is a priority in the Development Policy. Positive outcome of older peoples housing is also releasing family houses with gardens for households with children and the benefit children with have with access to safe outdoor playing area
<b>Disability</b>	Positive impact on people with disabilities This is because developing badly needed housing for people with disabilities is a priority in the Development Policy.
<b>Race &amp; Ethnicity</b>	Positive impact on black and minority ethnic households because black and minority ethnic households are more likely to be larger households with children. Development of badly needed larger family housing is a priority in the Development Policy.
<b>Sexual Orientation</b>	Neutral impact.
<b>Religion or Belief (or No Belief)</b>	Neutral impact.
<b>Pregnancy &amp; Maternity</b>	Positive impact on households with children. This is because these households could benefit from building more larger family housing.

<b>Stage 4 – Are there any negative impacts on the above groups?</b>	<b>Can you objectively justify these? If not, what actions could be taken to mitigate, advance equality or fill gaps in information</b>
No	

**Stage 5 – General duty. There are three key considerations to think about in terms of equalities implications on any new policy as set out below. Please set out how you have considered each of these.**

<b>Is there anything more the policy could do to eliminate discrimination?</b>	The Policy doesn't directly impact on discrimination but it is difficult to identify what more impact it could have.
<b>Could the policy better advance equality of opportunity?</b>	The Policy will advance equality of opportunity by building new social housing that will improve outcomes for groups with protected characteristics. The inclusion of mid market rented houses opens up the accessibility to a larger range of interested tenants
<b>Does the policy pay due regard to the need to promote good relations between different groups?</b>	The Policy doesn't directly impact on good relations between different groups but it does promote mixed, sustainable communities by aiming to develop a mix of different housing types and tenures. Clear communication will be issued to confirm that development is not subsidised from existing tenants' rents.
<b>Are there any other actions you could take to better meet the General Equality duty?</b>	The only other action that could be taken is increasing the amount of new housing that is built for these particular groups. However, there are constraints on new build development such as availability of sites, grant and private finance from the Association.

**Stage 6 – List any proposed actions as a result of this equality impact assessment**

<b>Action</b>	<b>Where captured</b>