



**SOUTHSIDE**  
housing association

# Development Strategy

**01/04/2021 – 31/03/2024**

**Approved: 29 July 2021**

**Next Review: March 2024**

# **Southside Housing Association Development Strategy**

## **2021- 2024**

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## **1.0 BACKGROUND AND INTRODUCTION**

- 1.1 Southside Housing Association (SHA) is a community-controlled housing association operating selectively across the south side of Glasgow.
- 1.2 Our voluntary Management Committee is mostly made up of local residents, and our housing is community-owned.
- 1.3 We employ approximately 80 office-based members of staff, and a further 30 staff members who work in our communities in concierge, housing support and direct labour roles.
- 1.4 Our annual turnover in 2020/21 was circa £13.5million (whole Group including subsidiary company)
- 1.6 First set up in 1971, the Association has built up its current stock of 2,200 homes through tenement rehabilitation, new build and stock transfer. In addition, we factor 880 privately owned properties.
- 1.7 Our greatest presence as a landlord is in Pollokshields (including parts of Kingston and Tradeston), Cardonald and Halfway. These areas account for 90% of our housing, while we also own housing in Shawlands, Strathbungo, Ibrox, Kinning Park, Langside and Mount Florida.
- 1.8 The Association delivers a comprehensive range of services, all focused on the needs of our customers and communities. These services include tenancy and neighbourhood management; repairs and property management; property development; asset management; housing support services; concierge; environmental works; income advice; and community development and support.
- 1.9 The Association also works closely with our subsidiary company, Southside Factoring and Related Services Ltd (SFARS) which provides factoring services on our behalf and acts as managing agent for our growing portfolio of Mid-Market Rent housing.
- 1.10 At the heart of our Development Strategy we aim to transform neighbourhoods, homes and services to improve the quality of life for our customers and provide affordable, high quality homes in thriving communities.
- 1.11 The Association has a corporate objective to develop new homes and this strategy will allow us to achieve this objective in the most efficient and sustainable way.
- 1.12 Despite the pressure on grant levels we will continue to rely on grant from Glasgow City Council to deliver our Development Programme over the next 3 years.

## **2.0 THE ASSOCIATION'S STRATEGIC OBJECTIVES**

2.1 Southside Housing Association's Management Committee has set the following strategic objectives:-

- To deliver excellent services
- To provide popular, affordable, well maintained and energy efficient homes
- To support Inclusive Communities and Thriving Neighbourhoods
- To maintain a Resilient Community Organisation with strong local leadership

## **3.0 SOUTHSIDE HOUSING ASSOCIATION'S AREA OF OPERATION**

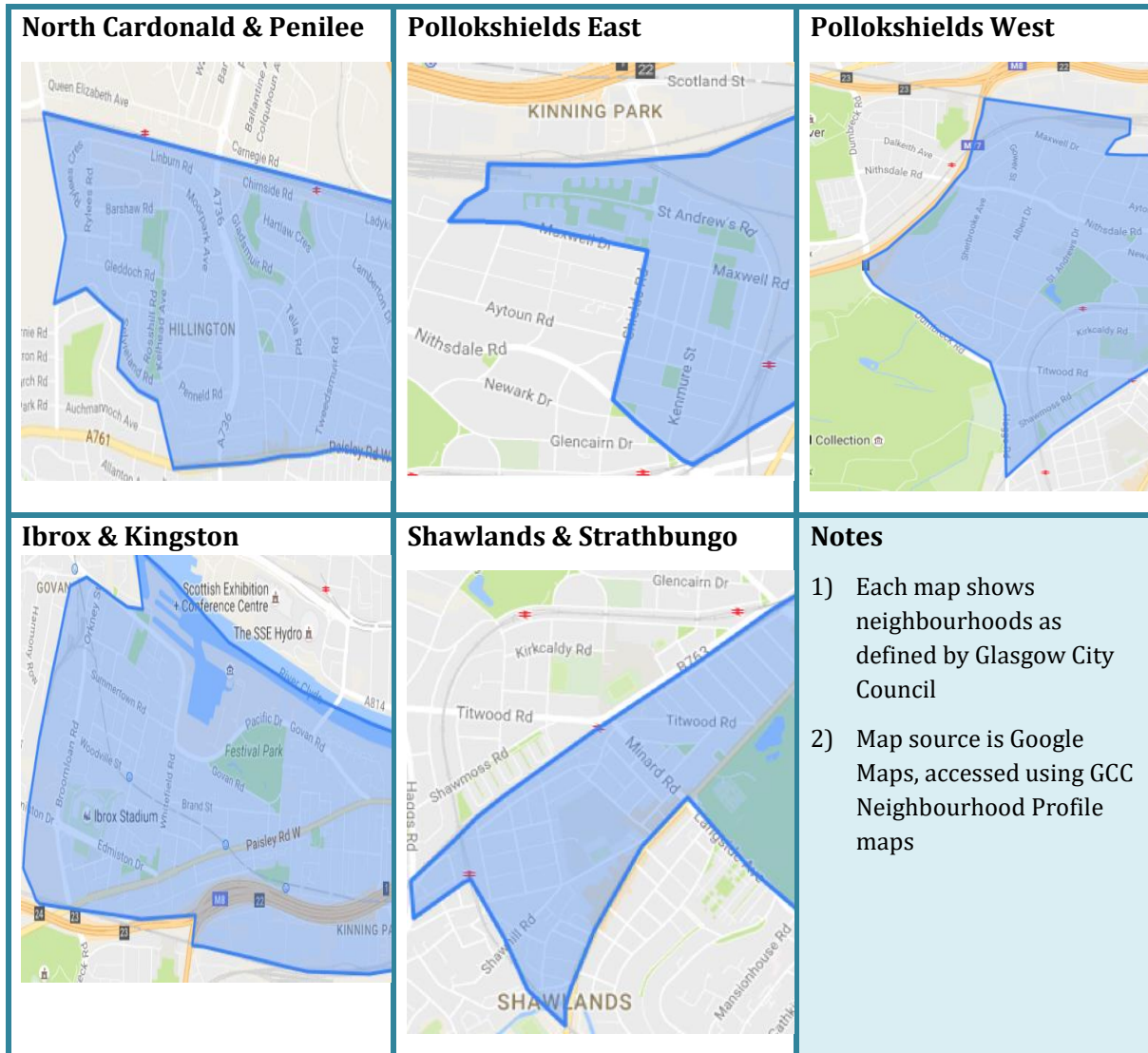
3.1 Southside Housing Association works across a number of communities in the south side of Glasgow.

3.2 The communities are defined by the following postcodes:

- G41: Pollokshields, Shawlands and Strathbungo
- G42: Strathbungo, Crosshill and West Govanhill
- G43: Pollokshaws and Auldhouse
- G44: Mount Florida and Kings Park
- G51: Kinning Park, Ibrox and Govan
- G52: North Cardonald, Halfway and Craigton

3.3 The maps on the following page show the neighbourhoods where the scale of SHA's operations is greatest (principally, North Cardonald, Halfway and Pollokshields).

### 3.4 Our areas of operation.



#### 4.0 DEMAND/LOCAL HOUSING NEED

- 4.1 Demand within our neighbourhoods are generally popular, with demand for specific areas mainly affected by particular demographic issues, such as the desire for larger family type housing in Pollokshields, where we have the city's highest concentration of Black and Minority Ethnic households
- 4.2 Demand far outstrips supply and it is difficult for the Association to meet the aspirations of all our applicants.
- 4.3 There is high demand for larger properties (4 apartments and upwards) in the traditional Southside area but we have a limited supply of properties to meet this demand.
- 4.4 The provision of larger properties within our planned New Build Development Programme will assist the Association in some way in meeting this demand.

#### 5.0 CURRENT/POTENTIAL DEVELOPMENT PROGRAMME

- 5.1 Southside Housing Association continues to be a Developer of new homes and has delivered a steady number of new build developments over the last decade.
- 5.2 Our current Business Plan assumes that there will be a more modest Development (new Build and Private Acquisition) growth of 75 units per annum going forward, a reduction on current rates of new homes provision.
- 5.3 The Association has 169 new build units and a further 38 private acquisition refurbishments on site at the moment.
- 5.4 Our current Development Programme is as shown below.

| <b>Current Programme Project</b> | <b>Site Start</b> | <b>Completion</b> | <b>Social Rent</b> | <b>Mid Market Rent</b> | <b>Shared Equity</b> |
|----------------------------------|-------------------|-------------------|--------------------|------------------------|----------------------|
| 43 Allison Street                | Nov 19            | Nov 21            | 33                 | 16                     |                      |
| 107 Niddrie Road                 | April 21          | Nov 21            |                    | 8                      |                      |
| Private Acquisition Works        | Aug 21            | June 22           | 30                 |                        |                      |
| St Andrews Dr, Phase 2 & 3       | Mar 21            | Mar 23            | 91                 |                        |                      |
| <b>TOTALS</b>                    |                   |                   | <b>154</b>         | <b>24</b>              | <b>29</b>            |

5.5 Our current Potential Programme is as shown below.

| Potential Programme Project | Site Start | Completion | Social Rent | Mid Market Rent | Shared Equity |
|-----------------------------|------------|------------|-------------|-----------------|---------------|
| 67 Ladybank Drive           | Apr 22     | May 23     | 35          |                 |               |
| Private Acquisition Works   | Aug 22     | Aug 23     | 30          |                 |               |
| Portman Street, Phase 3     | 2023       | 2024       |             | 24              |               |
| Private Acquisition Works   | 2023       | 2024       | 30          |                 |               |
| TBC                         | 2024       | 2025       | 20          |                 |               |
| TBC                         | 2024       | 2025       | 40          | 20              |               |
| <b>TOTALS</b>               |            |            | <b>155</b>  | <b>44</b>       |               |

## 6.0 CHALLENGES AND RISKS

- 6.1 Housing has a vital role to play in meeting many of our ambitions for Scotland, including eradicating child poverty and homelessness, ending fuel poverty, tackling climate change and promoting inclusive growth.
- 6.2 The Scottish Government’s ambition is that everyone in Scotland should have access to a warm, safe, affordable and energy efficient home that meets their needs, in a community they feel part of and proud of.
- 6.3 The Scottish Government wants to ensure that Scotland has a housing system that can help to address the number of challenges we are facing, including an ageing population and the global climate emergency.
- 6.4 Southside Housing Association has a proven track record in building new homes and has enjoyed a sizeable development programme supported by Glasgow City Council over the last decade.
- 6.5 At a recent Business Plan event in April 2021, the Association’s Management Committee recognised the requirement of the Scottish Government to meet the targets contained within its recent Publication – ‘Housing to 2040 Strategy’ and the Association will continue to provide its support to this wherever possible.
- 6.6 At its Business Planning event the Management Committee agreed that the Association would have a more modest Development Programme following the delivery of its current programme.

- 6.7 The Association accepts and recognises that there are a number of risks associated with the delivery of a Development Programme regardless of its size.
- 6.8 The information below provides a summary of a number of risks associated with the delivery of a new build programme.

- **Grant Subsidy Rates:** *New build benchmark grant rates were last set in 2015/16 ahead of the Government's five-year programme. As a reminder, the main rates agreed at that time were £72,000 per unit – Social Rent and £44,000 per unit – Mid Market Rent. ( 3 person equivalent benchmark)*

*In May 2021 the Glasgow & West of Scotland Forum issued an update on progress with agreeing revised new build benchmark grant rates with the Scottish Government. It seems likely that discussions will continue into late June 2021, however currently the Government is proposing new benchmarks of £81,250 per unit – Social Rent and £54,470 – Mid Market Rent.*

*Typically a new build development would attract circa 55% grant funding from Glasgow City Council with the remaining 45% being provided by the Association's Private Finance Agreement.*

- **Inflation:** *The BCIS Housing Tender Price Index, updated from 1Q 2016 to 1Q 2021, shows that between Feb 2016 and Feb 2021 the inflationary increase in construction costs has been 18.91%.*

*The predicted forecast figure for 1Q 2021 to 4Q 2023 is 8.87%, meaning that benchmark uplift to 2023 would be 27.78%. This does not take into account the uncertainties caused by Covid or Brexit, and it is possible that inflationary increases could be much higher over the next three years.*

- **Rent Affordability:** *The Association accepts that there is an important correlation between rent setting, value for money and tenant satisfaction. Our Business Plan assumptions include for modest rent increases over the period.*

**Low emissions heating systems from 2024:** *Recent consultations have signalled the Scottish Government's intention to prohibit the installation of gas in new build properties from 2024. The installation of low carbon heating sources, which could include air or ground source heat pumps, solar or infra-red heating systems or connections to district heating systems, costs significantly more than a traditional gas boiler system.*

- **Fire safety:** *The current requirements on smoke, heat and CO detectors/alarms is changing and on fire suppression systems, from limited experience in Glasgow, our understanding is that these may cost between £5k and £10k per unit, depending on the building type and height.*

- **Budgetary Pressures:** *Increased investment in our tenants' homes is one of the major themes of our Business Plan for the next five years. We need to increase our expenditure on Investment each year to on average £3.0m.*



## 7.0 WHERE DO WE WANT TO BE BY MARCH 2024?

- All development projects listed at 5.4 to be completed by March 2023
- All our Shared Equity sales to be completed within 6 months of handover
- Purchase circa 30 properties per year via the Private Acquisition Programme
- Achieve site starts for all our Potential Projects listed at 5.5
- All new homes and re-let properties to be built or refurbished to a new Net Zero Target emissions standard where feasible
- We will maintain our relationship with our main funders of the Development Programme and keep them informed of progress on all schemes.
- We will work with the Finance department to ensure cash flow information is accurate and updated monthly.
- We will ensure our design standards continue to deliver a good quality, affordable product by keeping our Design Guide under review.

7.1 In the period 2021 - 2024, the development programme will require circa £23m of funding in addition to GCC grants, either through new borrowings or partial self-funding from Southside Housing Association's cash reserves

7.2 The Associations funding of the £23 million will deliver the following projects

| Project                    | Funding Required |
|----------------------------|------------------|
| 43 Allison Street          | £3.36m           |
| 107 Niddrie Road           | £0.500           |
| Private Acquisition Works  | £0.750           |
| St Andrews Dr, Phase 2 & 3 | £6.37m           |
| 67 Ladybank Drive          | £2.75m           |
| Private Acquisition Works  | £.750m           |
| Portman Street, Phase 3    | £2.30m           |
| Private Acquisition Works  | £0.750m          |
| TBC                        | £2.00m           |
| TBC                        | £4.10m           |
| Total                      | £23.63m          |

**8.0 The following documents should be referred to and form part of this Development Strategy.**

- Southside Housing Association's Business Plan (June 2021)
- Southside Housing Association's Strategic Risk Register
- Southside Housing Association's Waiting List Information
- Southside Housing Association's Procurement Policy
- Southside Housing Association's Design Guide
- Southside Housing Association's Corporate Structure
- Southside Housing Association's Governance Arrangements
- Southside Housing Association's 30 year Cash Flow Appraisal

8.1 To support the Association's strategy of meeting the climate change targets set by the Scottish Government for 2045, a new policy on how we meet Net Zero Emissions in new homes and refurbished properties will be developed in 2021/22.