



DEVELOPMENT STRATEGY 2020-2025



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1.0 ABOUT US

Wythenshawe Community Housing Group (WCHG) manages almost 14,000 properties, providing homes for more than 20,000 people in Wythenshawe, South Manchester.

Awarded the prestigious 'Investors in People' Platinum Status, 'Investors in People' Health & Wellbeing and officially recognised by the Top Employers Institute as a Top Employer UK 2019, we provide local employment to 530 colleagues. WCHG is now amongst an elite group of world class organisations recognised for demonstrating a commitment to high performance through excellent people management.

WCHG's vision is to create "communities where people choose to live and work, having pride in their homes and services".

2.0 BUILDING HOMES AND COMMUNITIES

The short supply of affordable housing for those in need is one of the key drivers for the Greater Manchester Combined Authority, to address the current housing crisis.

As an organisation with a strong social purpose WCHG has an important role to play in increasing the supply of desperately needed affordable homes and building communities.

"**More Homes**" is one of four the key strategic priorities of the new Corporate Plan for 2020.

To achieve this, we will:

- Develop more homes that are genuinely affordable
- Consider the opportunity to maximise our existing assets through remodelling, renewal and enhancing our existing estates where appropriate
- Maximise development opportunities that add value and income to the business through growth in new homes.

Crucial to the way we achieve 'more homes' is by aligning our objectives to the GMCA Housing Strategy, which sets out key proposals for the delivery of 50,000 new affordable homes by 2037 with Key Strategic Priority B - Delivering the new homes we need, being key to how we deliver this strategy through

- New models of delivery
- Investing in truly affordable homes
- Increasing choices in the housing market for Greater Manchester households

<https://www.greatermanchester-ca.gov.uk/media/2257/gm-housing-strategy-2019-2024.pdf>

Growth activities are intended to achieve the above by

- (i) Strengthening WCHG by developing accommodation for customers where there is a strong and growing demand and complimenting with services to meet the demand of new and future customers. This may include those who can access housing through the waiting list and those who have very little opportunity to do so.
- (ii) Facilitating sustainable growth for WCHG both in terms of stock numbers and geographical positioning
- (iii) Maintaining the viability of WCHG through the acquisition of additional units of accommodation to replace units lost either through right to buy, demolition, staircasing, or other forms of disposal.
- (iv) Ensuring that we are meeting the key priorities for GMCA in terms of addressing homelessness, affordability and enhancing existing neighbourhoods

3.0 INCREASING CHOICES IN THE HOUSING MARKET

WCHG will continue to develop a diversified housing portfolio as a means of adding value to the Group's overall financial viability.

As a Registered Provider, WCHG will continue to maintain a strong commitment to the provision of social housing in the areas in which it operates in support of its core charitable objectives. However, it is acknowledged that there are still a number of challenges in doing so, maintaining access to grant, responding to value for money objectives, securing land and meeting affordability etc.

This strategy recognises that housing for rent has, to date, been the core product for WCHG, however going forward we have already recognised that mixed tenure and homeownership are a core part of our growth objectives. This supports our ability to provide social and affordable rent and meet the needs of our community who would be unlikely to access any form of housing, or housing which meets their needs and aspirations through the waiting list, for example

- Key Workers
- Low paid workers
- Our tenants grown up children

As a result, home ownership products will form a substantial part of the development programme, approximately 34%, during the life of this strategy. However, it is important to note the inherent risk in the delivery of housing for sale and this will be considered on a scheme by scheme basis and supported by clear evidence and data.

Tenure Types

Affordable and Social Rent

In order to maintain a viable financial position whilst remaining within a regulated rental framework, WCHG will still need Affordable rents (set at 80% of market rent) to be a significant tenure on all new developments, at approximately 28% of the programme.

However as social rents are becoming increasingly important again to Local authorities, we will do all we can to secure this tenure at the moment approx. 30% of the programme is designated for social rent.

Shared Ownership

For the duration of this strategy, shared ownership will form a significant tenure of Affordable housing provision, though we recognise that as part of the governments green paper proposals, the models by which this is delivered may need to be flexible.

WCHG will therefore continue with its provision of shared ownership housing, focusing on those areas where there is a demonstrable demand and where property values make it a viable proposition.

At the time of writing this strategy we are also aware of any potential Brexit and Coronavirus may have on the housing market, and as such will continue to robustly challenge market assumptions which relate to both shared ownership and outright sale.

Outright Sale

WCHG has established a successful format to incorporate housing for outright sale into developments as a means of cross subsidy thereby improving the viability of the project. The use of this model has been targeted on locations within our general operating area where the demand for and value of the properties will generate sufficient profits to mitigate the risk of the speculative nature of the development.

Whilst the strategy is predicated on maximising profit from open market sales, we will also consider new models for delivering affordable home ownership initiatives where appropriate opportunities and funding are available.

Outright sale is not shown in the total numbers below as it obviously does not increase out total stock numbers and the sales value versus the costs should bring value to the overall plan.

Market Rent

WCHG has a small number of properties let at market rents within the overall property portfolio. As part of the strategic direction set by board during 2018/19, there has been a drive away from providing market rent / PRS (private rental sector homes) unless they form a small part of a strategic development opportunity. However, we have included a small number in our business planning assumptions, as it enables us to make attractive bids on strategic s106 opportunities as well as other advantages.

It should also be understood that Market rent tenure has other significant benefits in that it enables us to

- Buy back RTB properties in our area which struggle to attract grant funding, but consolidate our existing portfolio
- Offers options to existing customers who are seeking 'right sizing' and being able to access good quality market housing
- It enables us to offer true mixed tenure communities when we are considering working in partnership with MCC to deliver the town centre regeneration, or working with Wythenshawe hospital on its health village plans for example.

The indicative breaks down of tenure within this strategy and reflected within the current business plan is as attached in **appendix 2**.

The break down by tenure type is as follows:

Tenure Type	No of Homes
Social Rent	352
Affordable Rent	337
Shared Ownership	403
Market Rent	92
TOTAL	1184

House Types


The strategy assumes that WCHG will develop a standard range of housing to include:

- 1 & 2 bed apartments
- 1 & 2 bed bungalows
- 2 & 3 bed houses
- 4 bed houses – where there is clear demand and/or planning need for a larger unit type
- Supported Housing with bespoke design

Whilst most of new development programme will be delivered through newbuild, we will also continue our programme of 'buy backs' and deliver some homes through the redevelopment / refurbishment of existing buildings.

4.0 DESIGN AND BUILD QUALITY

We will ensure we deliver good quality homes which are energy efficient therefore affordable to run, are well designed and attractive. Our new homes will contribute to the placemaking of the communities.



All our properties will be built in accordance with our approved Design & Specifications Standards document or to specifications negotiated with developers as part of S106 acquisitions. We will seek to achieve Nationally Described Space Standards for all our new homes.

The current government target is for **all** homes, new and existing to meet the zero carbon targets by 2050, the GMCA authority ambition is by 2038. We will work to all our homes being net zero by 2028, however it should be understood that the cost of this is likely to be around £5,000 per new home.

We will seek to improve accessibility of our homes beyond current statutory standards wherever possible.

Our development team will continue to consider the merits of traditional and new, innovative construction methods/ MMC (modern methods of construction), and new materials and products for each project, which align with the WCHG Home Standard, as detailed in the Asset management Strategy. We are currently working on a pilot scheme for MMC through JV North, our development consortium and in partnership with other RPs in the consortium.

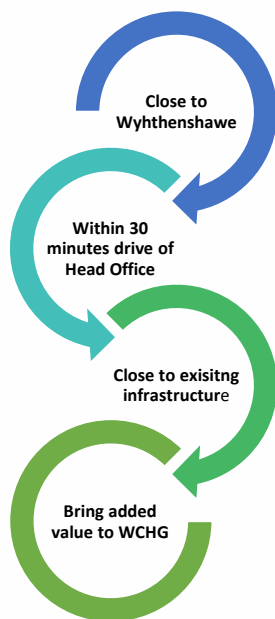
We will also focus on key areas such as efficient spatial design and refining property specifications to ensure we minimise building costs while maximising value.

5.0 AREA OF OPERATION

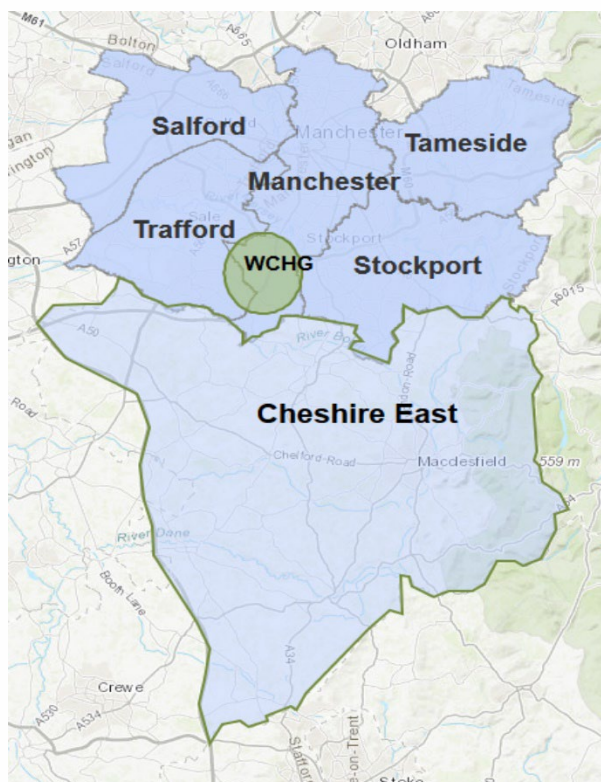
It is understandable for a LSVT and a community anchor organisation such as WCHG, that the move to develop and deliver services outside the tradition boundaries is a significant shift. However, it has to be recognised that in order to retain a level of independence and to meet the needs of residents within the wider geography we need to build outside of Wythenshawe.

We also need to understand that the land availability in Wythenshawe is limited and if we wish to remain a growing organisation rather than diminishing through the loss of RTB properties, we need to consider opportunities outside our area to compliment and add value to our existing homes.

The key priorities in doing so will be



Based on significant research in understanding the housing market and our ability to deliver services outside of Wythenshawe please see **appendix 3**, the following geographical area has been established as the most appropriate for Wythenshawe to develop over the period of this strategy.



6.0 MARKET DATA

WCHG will access a variety of sources of information in order to determine whether to proceed with a development. Historically we have relied on statistical data available from local authorities to assess demand for social housing. However, this strategy acknowledges that this data can often be historic and so does not a sufficiently robust methodology on which to solely base investment decisions.

We will therefore use additional sources of supply and demand data, for example Housing Insights, as appropriate and where available to support development proposals. This will include the use of professionally prepared surveys and recognised market data analysis to establish current and likely future levels of demand. The latter will include data on key metrics on new housing supply, affordability by local authority and private rental markets.

Advice will be sought from locally based qualified valuers with experience in the private rented market to establish whether proposed rent levels are achievable in the short, medium, and long term. An analysis of the local property market will be undertaken to ensure that acquisition costs do not exceed value but also to determine whether the trend in property prices in the immediate locality is rising. Under normal circumstances the Group would not wish to invest in an area where property prices were in decline.

7.0 FINANCIAL APPRAISALS & VIABILITY

WCHG recognises the need to ensure that capital invested in new housing development provides a positive return. Any decision to subsidise loss-making developments will only be taken in the context of the total development portfolio, and for strategic business purposes.

WCHG has developed a financial appraisal model that is used to evaluate all proposed developments and in order to ensure that development adds value to the overall assets.

The current primary assumptions are reviewed at least annually and to be approved by board, in line with the prevailing market conditions.

Funding Routes

The Group has at its disposal borrowing facilities from several institutions intended to support its growth and development targets.

This strategy recognises that in future access to grant funding either through the Homes England or local authorities, do have a number of restrictions, though the government are committed to significantly increasing the supply of new affordable housing and have recently announced a further £12bn for affordable housing funding. At the time of writing this strategy we do not know the breakdown of the funding allocated to particular tenure types. However, it is clear that there is a significant leaning towards home ownership tenures by the government and that any funding for rented homes will be caveated with it being available for future Right to Buy.

We will continue to seek opportunities to secure such grants where appropriate and necessary to support the overall viability of strategically important Affordable housing developments.

The strategy recognises that in future, the number and volume of properties available from developers at a discount to market values under S106 obligations will reduce, due to the governments First Homes initiative. However, it is recognised that we will continue to maintain and build relationships with developers and housebuilders to maximise our potential to acquire such properties or have the opportunities to work in partnership.

8.0 ACCESS TO LAND

A land bank facility is essential for the long-term delivery of programmes; However, this requires significant capital expenditure. WCHG will, therefore, need to seek to purchase land to help deliver its long-term development aspirations, we are continuing to consider land banking to give more certainty and control over our future development programme.

WCHG will consider the following information when considering land purchase;

- Location
- Costs
- Risk
- Likelihood of funding
- Links with growth targets/business plan
- Exit strategy

To minimise risk and to maximise the opportunities for new schemes, WCHG will, whenever possible, seek to purchase land through conditional contracts and with a developer partner, to share risk and rewards including planning risks.

WCHG will continue to review its own land holdings, including open spaces, garage courts etc. and use for development where demand and viability can be secured.

We will further develop relationships with Local Authority partners to secure land for development at nil or low cost where appropriate.

9.0 RESOURCES

WCHG will continue to utilise a range of resources to deliver its development targets. It must be recognised that the availability of suitably experienced development staff is scarce, particularly in the current climate and whilst we continue to 'grow our own' through our graduate route, we will compliment this with other resources as necessary.

The range of internal and external resources will include:

- (i) In-house expertise to negotiate contracts and agreements and oversee the development programme
- (ii) In-house expertise to ensure quality control on site and provide technical input into specification etc.
- (iii) In-house financial expertise to validate investment appraisals etc.
- (iv) External development project managers
- (v) External employer's agent to oversee construction and provide QS services

- (vi) External architectural services for land led design and build developments
- (vii) External technical specialists such as structural engineers as may be required from time to time
- (viii) Land agents and site finders to assist with land banking

10.0 REGULATION, COMPLIANCE AND DELIVERY ISSUES

There are a number of key requirements which need to be met as part of the delivery of this development strategy and the items below are in no way meant to be an exhaustive list, but to give some assurance that the key areas of governance, risk and compliance are adhered to.

The RSH in its regulatory role continues to provide guidance relating to the nature and scale of permissible non-social housing activity and review WCHG exposure to risk through the development programme in particular the exposure to sales. WCHG will continue to be mindful of and adhere to these regulatory requirements in the implementation of the Development Strategy.

One of our regulatory requirements is demonstrate value for money and we will ensure that this is fully considered within the delivery of this strategy.

We are currently a member of the JV North development consortium, which has the second largest allocation of funding from Homes England in the country. Currently the consortium meets most of our needs, provides very good value and is a valuable source of benchmarking and collaborative working. However, within the duration of the strategy we will sense check and compare other delivery vehicles to ensure this continues to meet the needs of WCHG.

The majority of our procurement is also undertaken through the JV North frameworks for contractors and consultants which are OJEU compliant. We do have some schemes within the programme which are package deals which do run a small risk in terms of procurement challenge, however as with other providers our assessment of the risk is minimal and it will be flagged up as appropriate with board.

We will continue to maximise the social benefit provided by our development activities. To date social benefit has been realised through the provision of advice, guidance and training, through employment opportunities and the creation of apprenticeships.

A key part of the delivery and monitoring of this strategy will be the formation of a Development committee who will have the skills, mandate and time to oversee and monitor the development programme and allow for appropriate time to be spent fully understanding the risk and reward of each of our new developments.

11. SUMMARY

We will continue to focus new development in our key areas of operation, with supply meeting both affordable and private markets.

In summary we will do this by:

- Understanding the changing needs, demands and aspirations of current and future residents.
- Maintain Investment Partner status
- Develop and maintain partnerships with Local Authorities and funders by meeting our targets and establishing a track record of delivery
- Delivering a pipeline of circa. 200new units pa to 2025
- Building good quality housing that residents feel proud to live in and that contributes to the development of sustainable communities and neighbourhoods
- Establishing a strategy for maximising the development opportunities arising from poorly performing WCHG assets, long term voids, garage sites, bed sits etc.
- look to develop new opportunities and strategies, including development delivery vehicles that help to meet housing need and demand in these areas
- Ensuring that WCHG has the financial and organisational capacity to achieve its objective of using outright sale opportunities to provide funds to subsidise the delivery of new affordable housing

1. KEY SUCCESS FACTORS

