

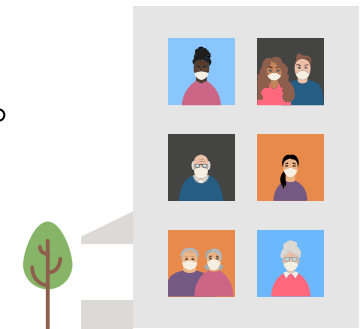
ALMOND HOUSING ASSOCIATION DEVELOPMENT STRATEGY



Background

Housing to 2040, Scotland's long term housing strategy, sets a new ambition to deliver 100,000 affordable homes by 2031/32 and will make an important contribution to tackling child poverty and end homelessness. This ambition will also play a key role in helping Scotland's economy to recover from the COVID-19 pandemic. Challenges remain including the availability of an effective land supply, the capacity of social landlords to lever private finance and the ability of the construction sector to meet the demand. Covid and Brexit has resulted in significant supply chain and labour shortages which at March 2022 has resulted in increased costs across the construction industry. While Scottish Government has increased the benchmark figure by £8,000 from April 2022 it is unlikely that any proposed developments will come in below this figure and as a result will require additional scrutiny.

Almond has previously never sought to develop to high numbers or widely, but rather taken a more community and West Lothian focused approach. This has helped Almond to balance the risks associated with new build development and is a strategy which has led us to benefit from a low-risk rating with the Scottish Housing Regulator. Currently Almond employ two part time team members who deliver the development programme.



Current Position

In November 2021 AHA's Board expressed a desire to explore larger development sites with the desire being expressed that we should increase the scale of our Development on the basis it is prudent to do so. Financial models prepared as part the presentation of the Budget in February 2022 demonstrated the financial risk of a larger programme in the short term and it was agreed that a more modest programme would be delivered resulting in growth of 5% over the next 5 years.

In the ten years to March 2021 Almond Developed 181 units, an average of 18 per year. The current proposed breakdown assumes an average of 25 per year so still an increase assuming projects come to fruition.

The Association plans to develop a total of 102 properties over the 5 year period. It should be noted that due to the nature of the relationship's with the relevant Developers it is not always within our control to ensure delivery and as such there are additional projects within our SHIP which we are also preparing as pipeline projects that may be used to replace any slippage within the budgeted programme.

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Projects included in 5 year budget (102 units)

Scheme	Number of units	Scheme	Number of units
1 Blackburn Shopping Centre	20	5 Willowdean Bridgend	8
2 Meadow Cres Fauldhouse	12	6 Stoneyburn [Bents]	18
3 Winchburgh	16	7 Open Market Purchases	3
4 Blackburn Community Centre	25		

The challenge presented by the current market is acknowledged. However based on the significant work required prior to grant application and the number of speculative number of projects that following due diligence do not come to fruition it was agreed AHA would not propose to stall any development works. As such over the duration of this strategy work we will continue to develop a pipeline programme.

The current Strategic Housing Investment Plan agreed with West Lothian Government is appended to this strategy. This was agreed with West Lothian Council in late 2021 and confirms their outline support for these projects

Over the last 15 years 75% of our developments have been delivered following a direct land acquisition, 11% is a result of Design and Builds (D&B) including land and 15% has been due to purchases of completed or almost completed developments (most of this in 2009/10 as a consequence of the economic downturn and house builders being unable to sell completed units). Looking at next 18 months, our SHIP proposals have direct acquisition of 3 sites yielding 50 units. Everything else in the 5 year SHIP period assumes D&B incl. land with developers. Previously land acquisitions often came to Almond via West Lothian Council but this land bank is becoming exhausted and West Lothian Council are considering partnering with developers to ensure they meet their target for new homes. This is likely to further reduce the opportunities available for Almond.

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Our Actions:

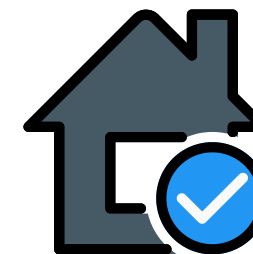
- Complete analysis of Stock Condition information and EESSH delivery strategy to identify longer term financial capacity for development.
- Work closely with our consultants and Development partners to mitigate the impact of rising costs.
- Continue to build relationships and raise Almond's profile with neighbouring Local Authorities within an agreed geographical area of 25 miles (excluding Edinburgh).
- Continue to develop upon good relationship's with West Lothian Council, Scottish Government and Developers.
- Work to raise Almond's profile with Private Housing builders to encourage them to consider Almond as their partner for the social housing element of developments.
- Identify potential larger sites and opportunities that would meet the Boards longer term aspiration to increase the scale of Development to enable delivery beyond the current 5 year strategy.



- Consider people resource required to deliver larger development programme and budget implications beyond this 5 year strategy.
- Development procedures to be reviewed to include arrangements for governance of speculative projects.
- Rent review to be carried out and to consider challenge of smaller properties in terms of income compared to funding levels against identified demand for single person households
- We will continue to focus on high build quality housing which reduces future maintenance for the association, is of a low running cost to tenants and meets the needs and aspirations of our customers.
- We will apply the same approach to all 'off the shelf' purchases but will also consider the overall benefit to the association of purchasing properties where this will increase AHA's ability to manage and maintain our existing properties.

ALMOND HOUSING ASSOCIATION

DEVELOPMENT STRATEGY



Our Success Measures:

- Delivering planned programme of 102 units over the next 5 years.
- Continual pipeline of prospective projects being developed to ensure long term aspirations will be delivered.
- Informed business plan that can identify the financial capacity for development beyond the term of this strategy.

Strategic Housing Investment Plan 2022/23-2026/28



Table 1 - AFFORDABLE HOUSING SUPPLY PROGRAMME - Years 1-5 2022/23-2026/27

PROJECT	SUB-AREA	UNITS - TENURE		SG AHSP FUNDING REQUIREMENT (£0.000M)					TOTAL AHSP FUNDS
		Social Rent	2022/23	2023/24	2024/25	2025/26	2026/27		
BLACKBURN - Mill Centre	South of M8	20	0.000	1.460	0.000	0.000	0.000	1.460	
OPEN MARKET PURCHASES	North & South of M8	4	0.120	0.000	0.000	0.000	0.000	0.120	
FAULDHOUSE - Meadow Crescent	South of M8	12	1.044	0.000	0.000	0.000	0.000	1.044	
WINCHBURGH - Glendevon Park	North of M8	16	1.353	0.151	0.000	0.000	0.000	1.504	
BRIDGEND, Willowdean (Affordable Housing)	North of M8	8	0.600	0.000	0.000	0.000	0.000	0.600	
LIVINGSTON - Sydney Street	South of M8	52	2.538	1.882	0.000	0.000	0.000	4.420	
OPEN MARKET PURCHASES	North & South of M8	4	0.000	0.120	0.000	0.000	0.000	0.120	
STONEYBURN GAP SITES (H-SB-4) (Bents)	South of M8	18	0.200	0.985	0.507	0.000	0.000	1.692	
BLACKBURN - Community Centre & former petrol station (Ash Grove)	South of M8	25	0.000	0.500	1.500	0.000	0.000	2.000	
LIVINGSTON, Gavieside CDA	South of M8	50	0.000	0.400	1.800	1.800	0.000	4.000	
POLBETH - LANGSIDE GARDENS (The Firs)	South of M8	16	0.000	0.128	1.152	0.000	0.000	1.280	
OPEN MARKET PURCHASES	North & South of M8	4	0.000	0.000	0.120	0.000	0.000	0.120	
KIRKNEWTON - Roosevelt Road (Affordable housing)	South of M8	12	0.000	0.000	0.474	0.474	0.000	0.948	
BATHGATE - Simpson Avenue	North of M8	19	0.000	1.111	1.111	0.371	0.000	2.593	
LIVINGSTON - Appleton Drive, Eilburn	South of M8	38	0.000	0.000	1.824	1.216	0.000	3.040	
LIVINGSTON -Appleton Parkway\Houston Rd ,Eilburn (Affordable housing)	South of M8	30	0.000	0.000	1.200	1.200	0.000	2.400	
OPEN MARKET PURCHASES	North & South of M8	4	0.000	0.000	0.000	0.120	0.000	0.120	
BATHGATE - Race Road	North of M8	36	0.000	0.000	0.000	1.494	1.494	2.988	
EAST CALDER - CDA (Affordable Housing)	South of M8	36	0.000	0.000	0.000	1.740	1.110	2.850	
ARMADALE, Southdale CDA	North of M8	60	0.000	0.000	0.000	1.200	1.200	2.400	
OPEN MARKET PURCHASES	North & South of M8	4	0.000	0.000	0.000	0.000	0.120	0.120	
ARMADALE, North Street (Former Scottish Gas site)	North of M8	50	0.000	0.000	0.000	0.000	2.000	2.000	
Total		518	5.855	6.737	9.688	9.615	5.924	37.819	