

# Growth Strategy

**April 2024 – March 2027**

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# 1. Introduction

- 1.1 Mosscares St Vincent's (MSV) is a growing organisation who builds new homes for a range of tenures across the Northwest and Yorkshire. Our development programme is supported by Homes England funding programmes and by raising our own finance.
- 1.2 MSV has created capacity within its business plan to deliver 653 new homes over a 3 year period commencing in 2024 across a range of tenures. The exact number of homes delivered will be dependent on the final mix of homes built and the subsidy secured from other sources to build them.
- 1.3 This strategy aims to:
  - Give some context and background to the assumptions in the plan.
  - Identify where these new homes will be built.
  - Outline the Number, Type and Tenure of the homes to be built.
  - Outline the type and quality of the new homes.
  - Explain how we will deliver on our growth plans.
  - Identify how these new homes will be marketed and how we will brand them.



## Embedding Value for Money and Risk Assurance

Each of the objectives within the corporate plan and associated strategies are supported by a medium term financial business plan and inter-dependencies between core strategies and corporate cross cutting strategies. This is further supported by a link to the strategic risk framework and MSV's approach to achieving value for money.

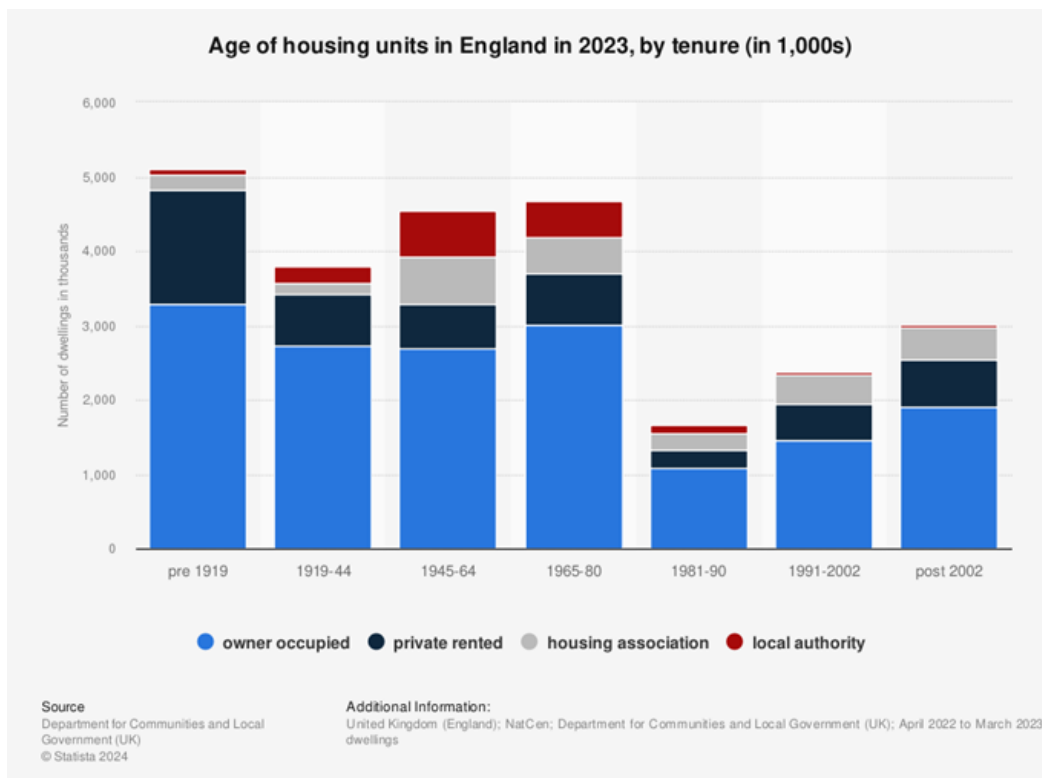
MSV measures itself against the Value for Money Metrics set out by the Regulator of Social Housing. Also, in line with the MSV Value for Money strategy, each strategy and business function has targets to make best use of social housing assets and resources available. Regular reporting will be presented to the Board on value for money in delivering this strategy,

tested through customer voice, impact and influence, achievement of budgets, appropriate procurement and continuous performance improvement.

This strategy is also aligned with the Strategic Risk framework, setting out how it will be delivered and progress measured, ensuring risk mitigations are in place. This strategy is linked with key aspects of the current strategic risk register, which will be identified within each risk and strategy update report in this area, with triggers in place to signal any risk of non-delivery.

## 2. Context and Background

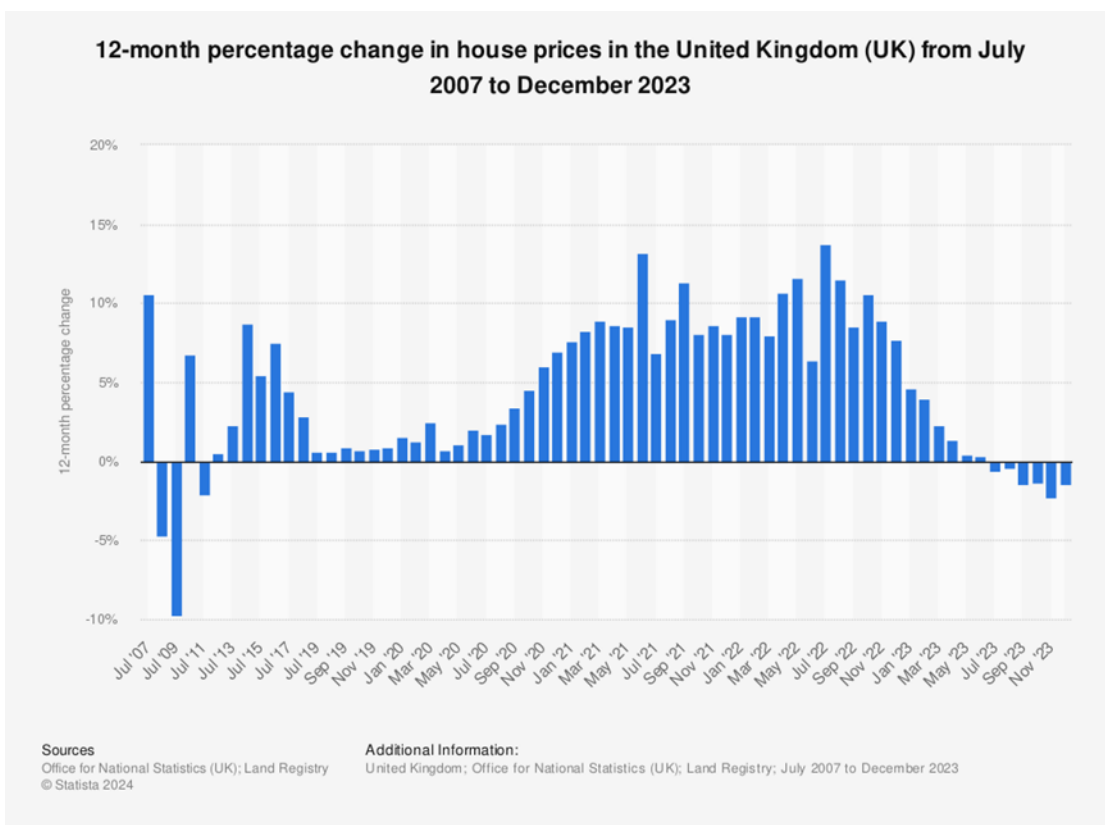
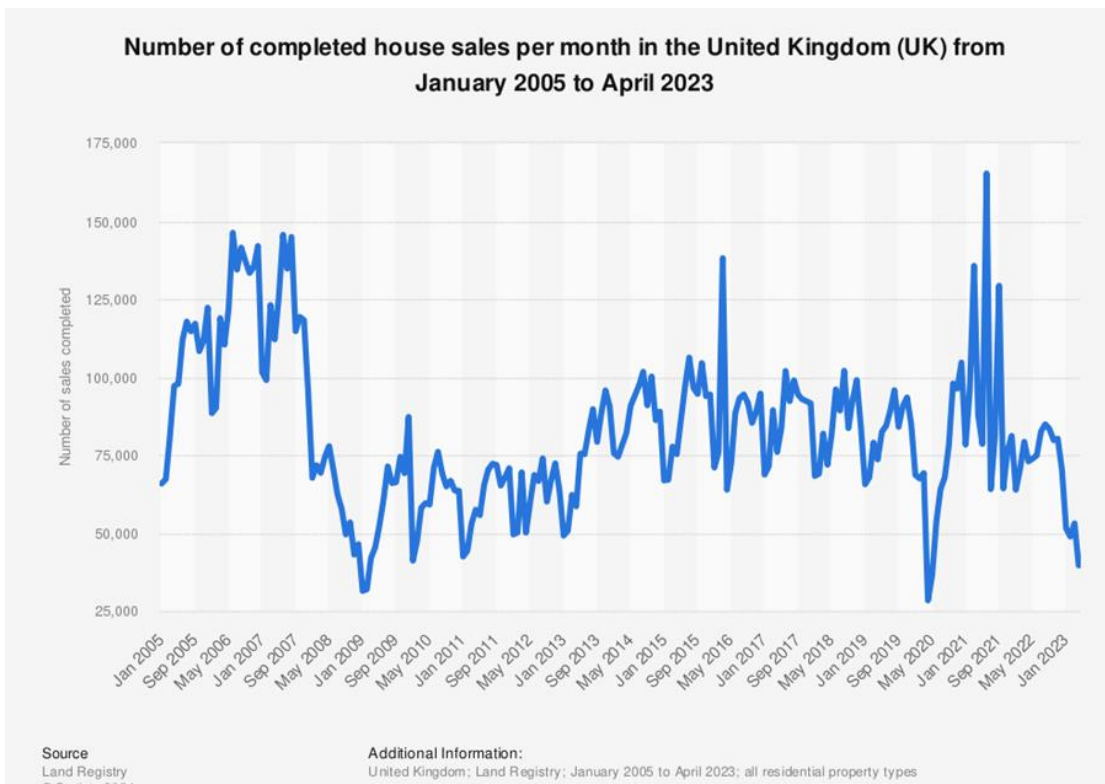
- 2.1 Building more new homes is a key priority for the country. Collectively housing in the UK is the oldest in Europe. New housing is needed to meet supply shortages as well as to drive up quality by ensuring that more homes comply with current regulations and suit the way our populations now live. As the Chart below shows, more homes in England were built before 1920 across all tenures than at any other time, demonstrating the challenge we face not only in the social housing sector, but in the UK as a whole.



- 2.2 In recognition of this, successive funding streams have been made available by Government via Homes England, the Governments Housing and Regeneration Agency, to support the delivery of new affordable homes. The current funding programme is the Affordable Housing Programme (AHP) 2021 – 2026 which supports the delivery of a range of tenures including Affordable Rent, Social Rent, Specialist Housing Provision as well as market facing products such as Shared Ownership and Rent to Buy.

- 2.3 MSV access grant funding from Homes England via the Continuous Market Engagement route. Under the current programme, all schemes need to be on site by March 2025 and complete by March 2026. Details of the timeframes for a new round of funding are awaited but are not expected to emerge until sometime after the expected election in Autumn 2024 and probably not until at least summer 2025. As such, it is likely that there will be a hiatus in our ability to bid for grant funding and progress schemes reliant on it for a period of time during the course of this Growth Strategy. This may necessarily shape the form of programme we seek to deliver over the coming years, with potentially a greater reliance on non-grant funded development opportunities such as section 106 opportunities and land banking to bridge this potential funding gap in our programme.
- 2.4 Within the grant funding agreements cited above, the position has also consistently been taken to date not to apply the Local Housing Allowance cap to Housing Benefit payments to tenants of social landlords. This is relevant to the application of the Affordable Rent product in some locations where at times 80% of a market rent can exceed this limit. Nonetheless, while this is Homes England's and by extension central Government's stance, the picture locally does differ with each Local Authority adopting their own position on what rent levels they will support for affordable products. The rent charged within this picture is therefore left to the discretion of the housing provider itself, within the constraints of the rent control framework.
- 2.5 This policy context has focused the governments expectations on the housing association sector which it expects to respond by increasing its production of new homes of all tenures. The government realises that the large national house building firms focus is on profitability and returns on investment rather than simply increasing supply. It is increasingly likely that associations that cannot show that they are actively looking to increase their output of new homes will face some form of sanction.
- 2.6 Housing Associations in general increased their output of homes for sale by 24% over the life of the previous Homes England Affordable Homes Programme (The Shared Ownership and AHP programme 2016 to 2021) and many Housing Associations, particularly in the South of England rely on sales receipts to support their development of affordable housing. The Regulator of Social Housing has identified reliance on sales to fund new developments and support housing organisations business plans as a key risk for the sector should a housing market downturn occur.
- 2.7 There are many future indicators that house price growth is slowing, and transaction numbers are down (See tables below). Housing market activity correlates closely with the health of financial markets since it is heavily reliant on borrowing in the form of mortgages. UK financial markets have been through a turbulent period since 2019 which has been driven by both UK and Global factors resulting in economic volatility in the period. The initial decline in property sales visible in 2019 was due to market uncertainty created by Brexit, this was followed swiftly by the Covid 19 pandemic in 2020 impacting all aspects of global market activity resulting in an effective worldwide market freeze which continues to have ripples many years on. Prior to a return to any kind of stability, the Russian invasion of the Ukraine and subsequent war which commenced in 2022 caused further disruption to market supply chains, in particular relating to oil and steel which resulted in rising costs within the energy markets triggering hyperinflation and a cost of living crisis. The tables below show this volatility played out in property transaction rates spikes and dips over the period which continue on a downward trajectory to the present day. This downward trend is mirrored in a reduction in house price inflation over the period.

2.8 While this picture does not look encouraging at the time of writing, both property transaction rates and house price inflation tend to recover quickly once interest rates drop and attractive mortgage rates are once again widely available. This curve usually lags behind by some months due to the naturally conservative nature of mortgage markets, but as current predictions are for interest rates to begin to drop in the second half of 2024, assuming there are no further upsets to the financial markets, we would expect to see some buoyancy begin to return to the housing market from 2025 onwards.



2.9 MSV are in a good position to manage this market volatility and continue to invest in affordable housing with no dependence on housing sales to fund our development programme. Our prudent approach to commercial activity has ensured we are in the strong position of being able to meet all our funding covenants without being reliant on sales of new homes.

2.10 Although moderate in scale, MSV does have a shared ownership programme which does provide us to some sales exposure, and this is planned to remain. The sales risks involved with this product are in part mitigated by the willingness of Homes England to allow us to convert shared ownership homes to affordable rented homes if we cannot sell the homes as shared ownership. This is however always an option of last resort due to the negative financial impact.

2.11 It is against this background that our future development plans have been prepared and will be reviewed in the light of future changes in the housing market, changing government funding priorities and potential economic changes that inevitably will occur.

### 3. Target markets and locations

3.1 MSV operates in nineteen (19) Local Authorities but has less than 200 units in all but eight (8) of these. These eight Authorities, all located in Greater Manchester, are our Core operating areas where we are committed to consolidate our footprint and growing our presence. These are our priority one areas for growth.

Local Authority	General Needs	Older Persons	Support Housing	Market Rent	Shared Ownership	Leasehold	Total	%
Manchester	3,263	261	303	43	194	18	4,082	46%
Stockport	1,087	-	7	12	60	104	1,270	14%
Rochdale	530	119	138	-	7	-	794	9%
Bolton	557	115	31	-	34	6	743	8%
Ribble Vally	252	48	4	-	62	7	373	4%
Trafford	234	-	7	44	27	-	312	3%
Salford	224	71	4	-	-	-	299	3%
Tameside	169	8	60	-	51	1	289	3%
11 LA with Less than 200 homes	537	48	97	45	47	-	774	9%
<b>Total</b>	<b>6,853</b>	<b>670</b>	<b>651</b>	<b>144</b>	<b>482</b>	<b>136</b>	<b>8,936</b>	
<b>%</b>	<b>77%</b>	<b>7%</b>	<b>7%</b>	<b>2%</b>	<b>5%</b>	<b>2%</b>		

In the eleven Local Authority areas where we have low levels of stock concentration, we have an active development programme in a further six, where we plan to grow and improve the quality and concentration of our stockholding. These six (6) local authority locations are 'Growth areas' and are priority two for growth:

- Bury
- Blackburn with Darwen
- Calderdale
- Cheshire East
- Hyndburn
- Rossendale

The remaining five (5) Local Authority areas have been identified for divestment where we will not pursue further growth. The principals of the Growth Strategy are aligned with MSV’s Asset Management Strategy, ensuring growth is aligned to stock rationalisation and divestment such that the Groups organisational footprint is contained to improve on the ground operational efficiencies. Divestment areas are Birmingham, Burnley, Pendle, St Helens and Warrington.

## 4. Programme Mix – Number, Type and Tenure

4.1 MSV has historically grown organically led by housing need and to support local authority partners strategic priorities. We develop in a range of locations in differing market conditions and for varied demographics and understand how to tailor our housing solutions for those who need it most, often with associated support needs and in challenging economic circumstances.

This has gained us a reputation as a developer of niche products who are prepared to forge partnerships in order to deliver bespoke solutions to unlock complex housing issues. This is a reputation of which we are proud and sits comfortably alongside our more routine work to deliver new affordable homes for rent and sale at some scale.

4.2 In recent years, our programme has been heavily weighted towards single properties, refurbishment units, asset management voids and schemes of a specialist nature for the Independent Living Team. Whilst this has positive outcomes for partnership working, these typically are the more resource-intensive, higher risk and more costly to deliver. A by-product of pursuing more resource intensive schemes such as those outlined above is that we have struggled to meet unit targets for growth. We recognise that there is an immediate need to redress this balance and as such for the first time a cap has been proposed on the percentage of specialist accommodation which is included in the programme for the duration of this strategy.

### Number of New Homes

4.3 The approved development programme is targeted to deliver circa 200 homes per annum, rising slightly higher than this number in peak years in order to deliver additional homes as part of the Moss Side Regeneration scheme. Current business plan assumptions for the next six-year period, including the current year are:

	Development programme	Moss side	Total
2024/25	161	0	121
2025/26	253	0	253



2026/27	205	123	<b>328</b>
2027/28	200	97	<b>297</b>
2028/29	200	20	<b>220</b>
2029/30	200	38	<b>238</b>
Total	<b>1,219</b>	<b>278</b>	<b>1,497</b>

## Type of Homes

- 4.3 The majority of homes built as part of the development programme will be one, two and three bed apartments and family homes. This reflects the geography we operate in which is in the main very urban with a corresponding requirement for relatively high densities on the majority of our sites.
- 4.4 Where supported by demand information, we will also develop bungalows and larger family homes (4 and 5 beds) to satisfy the needs of specific groups in a given location. It is recognised that these more specialist property types are more costly to build relative to the income they generate and as they may require additional funding support by either a local authority partner or MSV to make them viable. In general, these will form a small part of the overall development programme.
- 4.5 Supported housing schemes will continue to be built where there is an established need. A key factor in their development will be the availability of revenue funding to support customers and ensure the capital investment is sustainable in the long term.

## Tenure

- 4.6 The current development programme contains a number of different types of affordable housing provision developed in response to the differing housing needs of a wide range of customers. Our Target mix is as follows:

**50% GN Affordable rent / Rent to Buy**  
**15% GN Social Rent**  
**10% Specialist accommodation Social Rent**  
**25% LCHO Shared Ownership**

- 4.7 **Affordable Rent** - These are usually let via the local authority's choice-based lettings systems and allocated to people in the greatest housing needs. This tenure type will be developed across all our operating areas. Rents are set at 80% of market rent. If this rent is above the Local Housing Allowance, it may be capped at this rate for two main reasons:
- If the Local Authority requires us to do so to support the scheme and it remains viable at LHA.
  - If demand data suggests that it will affect our ability to let the property at a higher rate and the scheme remains viable at LHA.
- 4.8 **Social Rent** - These are let in the same way to affordable rents, but rents are lower. Where possible within affordability constraints, we will develop Social Rent properties wherever possible and in preference to Affordable Rent. The main constraint to the development of this tenure type is affordability due to the reduced revenue stream associated with the product.

- 4.9 **Rent to Buy** – Like Affordable Rent, these are homes let at 80% market rent, however, the homes have to be let to a family or individual in work who aspire to buy the home but cannot afford to when the home is first let. The customer can buy the home after five years at the market value applicable at the time. The typical customer for this housing is someone in employment who would rent privately or share a house until they could buy. This is a customer group who previously would not be able to access social housing but would find the alternatives too expensive. We aim to increase our provision of this form of tenure, especially in some of the more economically active areas where there is a shortage of affordable accommodation for low income working households.
- 4.10 **Shared Ownership Housing** – These are homes where a proportion of the property is sold and MSV retain ownership of the unsold share and charge a small rent on the unsold equity. These customers are very similar to rent to buy customers in that they would like to buy a property but can't afford the full cost of a mortgage to buy the home outright.
- 4.11 **Supported and Specialist Housing** - MSV will continue to provide housing for those persons in our communities that are in most need of specialist accommodation and as a response to demand driven by an ageing population. Specific areas of continued investment and development of existing expertise will be:

**Later living accommodation** – MSV will continue to consider opportunities for rent for persons in later life. This will include specialist accommodation such as Extra Care and schemes supporting the HAPPI principals as well as Bungalows incorporated into general needs and shared ownership developments. In very specific circumstances and where the market evidence strongly supports the case, MSV may consider a small number of units for sales in this type of development. MSV will look particularly favourably on such developments where their new scheme will replace or complement an existing MSV later living scheme which requires modernisation and / or provides the ability to move customers out of an existing MSV facility to support the outcome of an options appraisal.

**Supported living accommodation** – MSV owns and manages a significant proportion of purpose built or remodelled supported housing. We are open to working with commissioners and health bodies to develop the new generation of supported housing. MSV has a history of meeting the housing needs of the most vulnerable in society and that will continue, seeking to find solutions to meet emerging needs for the homeless, refugees and asylum seekers and young people working with a range of partners including the voluntary sector in doing so. MSV will look to deliver in partnership with others to benefit from the expertise of specialist providers and to share the risk. These tenures, which are often less financially viable than others, will be delivered where necessary by 'cross subsidising' under a consolidated return model across our programme.

**Specialist Schemes** - With a reduced volume of specialist accommodation being built by MSV in the next few years, priority needs to be given to the LAs where we have the strongest relationships and where the Local Authorities themselves have a clear and defined housing needs assessment of the type of accommodation and numbers they need. An analysis has been undertaken of the Local Authorities with whom we work at present, and a traffic light system applied to illustrate where priority will be given to growth opportunities of each type. The table indicates the strength of relationship as assessed by both the Growth and Independent Living Team based on commissioning arrangements and access to land to facilitate growth.

Local Authority	Independent Living Type			
	Older Persons	Younger Persons	LD/Specialist	Homeless
Manchester	Green	Green	Green	Green
Bolton	Green	Yellow	Green	Red
Salford	Green	Red	Yellow	Red
Bury	Green	Red	Green	Red
Trafford	Red	Green	Yellow	Yellow
Stockport	Red	Red	Green	Red
Rochdale	Green	Yellow	Green	Green
Tameside	Red	Red	Yellow	Red
Calderdale	Red	Red	Red	Red
East Cheshire	Red	Red	Red	Red
Ribble Valley	Yellow	Red	Yellow	Red
Hyndburn	Red	Red	Red	Red
Rossendale	Red	Red	Red	Red
Blackburn	Red	Red	Red	Red

Priority Areas	Green
Limited Growth	Yellow
Low Priority	Red

NB: Only LAs which are priority one or two Growth Areas as defined in section 3 above are included.

## 5. Type and Quality of New Homes

- 5.1 We aim to deliver schemes demonstrating excellent design, conforming to national and local design guides and contributing to healthy sustainable neighbourhoods that benefit wider communities and society as a whole.
- 5.2 We review our Employers requirements annually which set out the standards to which we require our construction partner to build. We ensure that they meet or exceed current legislation and best practice guidance and where relevant seek to consult with customers in respect to product specifications and design.
- 5.3 In line with the government’s roadmap to the Future Home Standard and “zero-carbon ready housing” MSV is dedicated to building highly energy efficient housing with a fabric first approach and all-electric space and water heating where achievable. Gas will only be considered in circumstances where strategic need for housing can be proven but the cost implication of off-gas development is unviable. S106 properties may fall into this bracket.
- 5.4 In addition to Building Regulations, MSV will ensure that the following is achieved as standard on all building sites:
  - Considerate Constructors – all sites will be registered with the ‘Considerate Constructors Scheme’ and will therefore be monitored to ensure standards are upheld in the categories of environment, cleanliness, good neighbour, respectful, considerate, safe, responsible and accountable.

- MSV will consider the use of Modern Methods of Construction where it offers value for money. MSV will also pursue off-site manufacture where savings can be realised, either via a reduction in the contract period or by a reduction in the cost of procurement, without compromising on quality. The repair and maintenance issues related to new methods of construction will be thoroughly examined and researched prior to any adoption considering long term implications.
- Apprenticeship opportunities are optimised on all sites and apprenticeships and local labour agreements are written into contract documentation and monitored to ensure delivery and performance.

## 6. Delivery of our Growth Plan

- 6.1 Delivery of our programme will be via both land and build opportunities where we identify sites ourselves and via off the shelf purchases where we buy completed units from another developer, such as through a section 106 opportunity. The rough target is to identify circa 30% of our programme as off the shelf purchases to take advantage of the great value these opportunities bring with the remainder of the programme being developed through land and build opportunities.
- 6.2 To identify opportunities and deliver against our targets we will:
- Respond to government initiatives and work in partnership with local Authorities to deliver housing that responds positively to national and local planning policy.
  - Access grant through the Affordable Homes Programme 21-26 through our existing framework, BLOC, managing performance and building positive relationships with Homes England.
  - Position the organisation to deliver under the GM Memorandum of Understanding.
  - Consider a range of partnerships and joint ventures which share the risks and rewards but consider these against strong financial criteria to protect the association from unnecessary or excessive risk.
  - Make a concerted effort to widen our existing commercial networks with developers to improve our ability to access market opportunities as they emerge.
  - Forge relationships with land agents and actively engage with private landowners to bid and negotiate for land as and when it arises.
  - Allow land banking of sites where opportunities arise that fit with our strategic priorities but other factors would prevent the sites immediate delivery (Such as the need to gain planning permission, wait for a grant funding window to open etc).
- 6.3 We will also embrace the specific opportunity that presents itself in Greater Manchester through the devolution agenda. Greater Manchester is our core operating area with almost 90% of stock located within the conurbation and many of the Local Authorities within it being within our priority one areas for growth. We will therefore play an active part in supporting this agenda including actively seeking to deliver sites which are brought to market through this route. MSV retains close links with GMCA and is closely aligned to Greater Manchester's Devolution priorities that state housing growth should:

- Support economic and employment growth.
- Deliver housing growth to support a growing economy.
- Create places people want to live.
- Provide better life chances for our residents.
- Make the best use of assets and achieve more for less.
- Improve the quality of homes for all residents.
- Ensure greater choice of homes in mixed communities – reshape housing for future needs and aspirations.
- Provide excellent housing services to underpin sustainable neighbourhoods.
- Support the opportunity to live independently in all communities.
- Use joint working to improve the housing offer.
- Deliver value for money.

6.4 We will deliver on our Moss Side Regeneration ambitions. A significant portion of our unit target over the next 5 years is designated to be delivered through the already identified sites within the Moss Side Regeneration area. It represents circa 20% of our three year programme and an even greater percentage in the two years following the end of this planning period and is a key priority for MSV in one of our largest anchor neighbourhoods. This is also a high priority delivery objective for our partners, Manchester City Council, which will deliver a large number of much needed affordable homes in one of Manchester highest demand neighbourhoods. All of these factors make this our most strategically important delivery objective over the life of this growth plan.

6.5 In addition to growth through building new homes, we will also seek to complement this activity through the acquisition of existing stock portfolios where they fit within our growth strategies parameters. These acquisitions will be in addition to the stated development growth targets set out in this strategy and will be considered on a case by case basis, but they must as a minimum meet the following parameters to be considered:

- Must be at least a 70% fit with growth strategy principals (target locations and tenures).
- Acquisition of both tenanted and vacant units will be considered.
- It is accepted that some stock may need investment or even disposal once it is brought into the portfolio.

## 7. Summary of Growth Principles:

1. We aim to grow only in areas in our core operating areas or identified growth areas with the intention of increasing our stock concentration.
2. Growth must positively contribute to the financial health of the business. The growth programme must have a positive NPV overall.
3. The majority of our growth will be within the provision of General Needs affordable housing.
4. We will aim for most new developments to have over 30 units of accommodation.
5. Schemes will be a mix of land led and S106 opportunities. Off the shelf schemes can be considered where appropriate to meet targets and commit grant funding where required.

6. Aim for Specialist or Independent Living schemes not to comprise of more than 10% of the programme.
7. Sales schemes will only be pursued in areas with demonstrable demand for the product which can be evidenced with market intelligence.

## 8. Appendices

### 1. Equality Impact Assessment (EIA)

<b>Name of Strategy/Policy</b>	Growth Strategy	
<b>Date of Assessment</b>	March 2024	
<b>Name &amp; Role of Assessors</b>	Fiona Creighton, Exec Director - Homes	
<b>What are the desired outcomes of the policy?</b>	The desired outcomes of the strategy are to identify where new homes will be built and to outline the number, type, tenure and quality of homes. The strategy also sets how MSV will deliver its growth plans and how new homes will be marketed and branded.	
<b>Who are the main stakeholders in relation to the function?</b>	Homes England, Local Authorities, Funders, Commissioners, Tenants, other partners.	
<b>Who will be consulted and what types of consultation will be carried out?</b>	Executive Team, Employees and Board members.	
<b>Summarise any evidence considered</b>	Notes of Exec and Board meetings.	
<b>Could the function have a differential impact on:</b>	<b>Yes / No</b>	<b>What evidence exists to support your analysis?</b>
<b>Race</b> Consider language and cultural factors	Yes	Specialist housing could be provided for some racial groups. Size of accommodation may impact suitability for specific communities. Specification of homes may affect a properties suitability for a specific cultural group.
<b>Gender reassignment</b> Consider people proposing to or have undergone a process of having their sex reassigned.	No	
<b>Disability</b> Consider physical, visual, aural impairment, mental, learning difficulties	Yes	Specialist housing could be provided for some residents with a disability and access would be considered in all design.
<b>Age</b> Consider Elderly or young people	Yes	The plan will consider all ages in housing design.
<b>Sexuality</b> Either know or perceived	Yes	Some housing provision can be directed towards residents of different sexualities,

		depending on demand.
<b>Gender</b>	No	
<b>Religion or belief</b> Consider religious or cultural observance including non-belief, practices of worship	Yes	Some housing can be developed with features to respect different religion and beliefs.
<b>Other protected or vulnerable characteristics:</b> <ul style="list-style-type: none"> <li>marriage or civil partnerships</li> <li>pregnancy or maternity?</li> </ul>	No	
<p><b>If the answer is NO to all questions and no differential treatment has been found there is no requirement for a full Equality Impact Assessment. Please go back regularly and review the cycle.</b></p> <p><b>If the answer is YES to any of the questions please complete the rest of the form.</b></p>		
<b>In what areas could the differential identified be considered to have an adverse impact in this function and what solutions will be introduced to overcome these adverse impacts?</b>	This strategy and plan have been developed based on data and to meet housing need and demand across different tenures. Overall, the impact is likely to be positive rather than adverse, except where housing access is not available to certain groups above the ground floor if no lift is provided. Specialist design features can make housing more suitable for certain groups.	
<b>In what areas could the differential identified be considered a positive impact in this function and what strategies will be introduced to safeguard and spread these positive impacts?</b>	Positive impacts arise from building homes to meet specific housing needs that may address inequalities faced by some protected characteristic groups. Specialist design features such as increased accessibility, Lifetime Homes features and specialist adaptations for certain groups can also have a positive impact, along with lettings policies, property sizes and geographical locations.	
<b>Which Action Plans have these solutions/strategies been transferred into?</b>	The Growth Plan will be implemented and delivered by the Development team and monitored through internal and external governance processes.	
<b>Who will be responsible for monitoring these Action Plans?</b>	Executive Director – Homes with reporting to Board.	

**Ratified by: Committee/ Board / Delegated Approval**  
(Highlight as appropriate)

**Date: 10/04/24**

