

1 Aim

The aim of this Development Strategy is to set out the approach that Rooftop intends to take in building sustainable homes and developing new business opportunities across our operational area to deliver up to 800 affordable homes between 2021 and 2026 contributing to our ambition to deliver up to 1,000 homes by 2028.

2 Mission

We build Great Homes and support Successful Lives by being a Better Business.

This Strategy will provide a clear focus in terms of operating area, tenures, supply routes, resources, and funding.

3 Values

We Work Together

We Make Things Better

We Do The Right Thing

Our values are at the heart of our culture. They describe the behaviours we expect in our leaders, managers, and employees in their interaction with customers, colleagues, and stakeholders.

4 Objectives (of the Strategy)

We consider the following strategic objectives to be the “Golden Thread” that will underpin the delivery of new homes in 2021-26.

The “Golden Thread” of this Strategy is:

- the delivery of up to 800 affordable homes by March 2026 across a range of tenures and up to to 1,000 affordable homes by 2028.
- deliver a limited programme of up to 10 homes per annum for outright sale where appropriate to generate a source of income to support the RHA development programme.
- to maximise the use of £19.8 million funding secured through Homes England New Ways of Working 2 (NWOW2) in partnership with the Matrix Housing Partnership and through the RHA Investment Partner Status with Homes England, secure grant funding through Continuous Market Engagement (CME) direct.
- assume an approximate split of 80% land led sites and 20% Section 106 (S106) sites. S106 homes to be delivered in areas where there is strategic importance.
- a focus on the operational areas of South Worcestershire and North Gloucestershire and perimeter communities, working with strategic partners and allocating resources to meet local housing needs.
- to work with our principal strategic partners who are the joint Management Team of Wychavon and Malvern Hills District Council; Worcester City Council; Tewkesbury Borough Council; and Gloucester City Council as well as Local Authorities adjacent to the perimeter of our operating area and Rural Housing Enablers to target rural delivery to support villages with ‘at risk’ services, tackle under occupation and support community groups to succeed in delivering local homes for local people.
- to deliver a new urban village in the City of Gloucester (St Oswalds) that will deliver 300 new sustainable homes of which 200 will be affordable housing.

- to support Local Authority partners to continue to develop a broad range of housing and service options for vulnerable groups including the homeless, older people and Gypsy and Travellers.
- to build excellent quality homes to the Rooftop Living Home Standard (RLHS) using garden city/village design principles, optimise use of Modern Methods of Construction (MMC definition framework, MHCLG 2020) and build to zero carbon standards by 2025.
- to support and operate through the Group's Financial Business Plan and beyond including procurement to maximise value for money in terms of financial, social, and environmental benefits.

5 Development Programme 2021-26

5.1 Operating Area

We will continue to focus development activity in our current areas of operation which include South Worcestershire and North Gloucestershire and perimeter rural communities.

The definition of South Worcestershire is:

- i. Wychavon District
 - Evesham
 - Pershore
 - Broadway
 - Droitwich
 - village locations
- ii. Malvern Hills District
 - Malvern, areas covered by the South Worcestershire Urban Extension and villages in the south of the district
- iii. Worcester City
 - strategic sites – South Worcestershire Urban Extension

The definition of North Gloucestershire is

- iv. Gloucester City
- v. Tewkesbury Borough

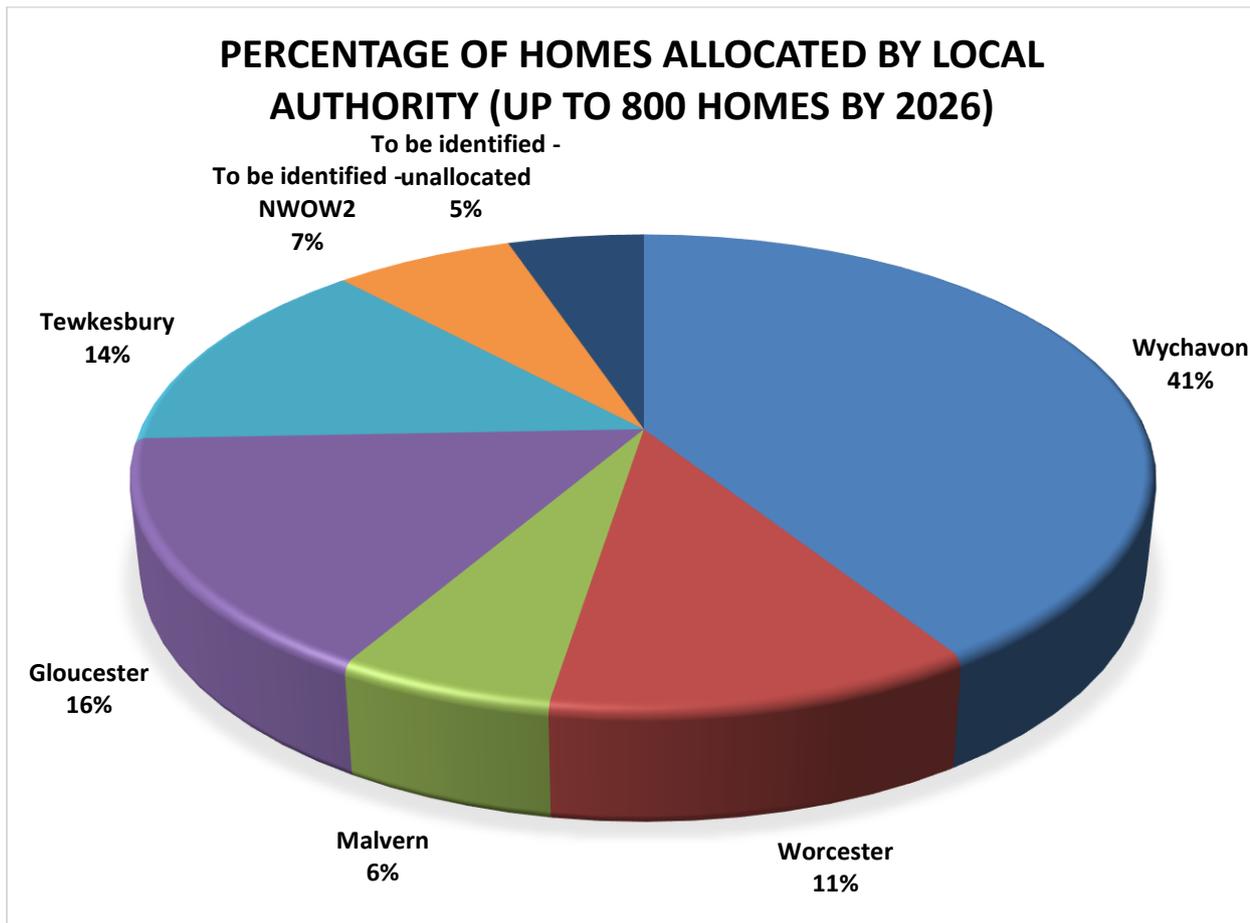
Perimeter communities are those on the edge of our operational area which include Cheltenham and Cotswold villages on the Wychavon border. The opportunities within perimeter communities will be assessed on a site-by-site basis with internal stakeholder consultation taking place at the earliest opportunity. Housing need data for our core operating area is provided by Local Authority partners through the review of housing needs assessments and local housing needs surveys. Housing needs data reports are public documents available on Local Authority websites. Please see Appendix 1 for baseline housing needs data for our operational area which is mapped at Appendix 2.

5.2 Delivery of New Homes

Over the last five years, Rooftop has worked hard to establish a development pipeline known as the land bank. As a result, we have an established land bank that we can utilise in this programme.

Appendix 3 demonstrates in more detail the allocation of the programme across identified sites and anticipated funding streams. Please note, this is subject to change as projects evolve.

Resources have been focused across Wychavon and Gloucester, with the balance split across the wider operational area. The chart below shows the estimated delivery of resources:



5.3 Funding

Rooftop will deliver up to 800 homes during the life of this Strategy.

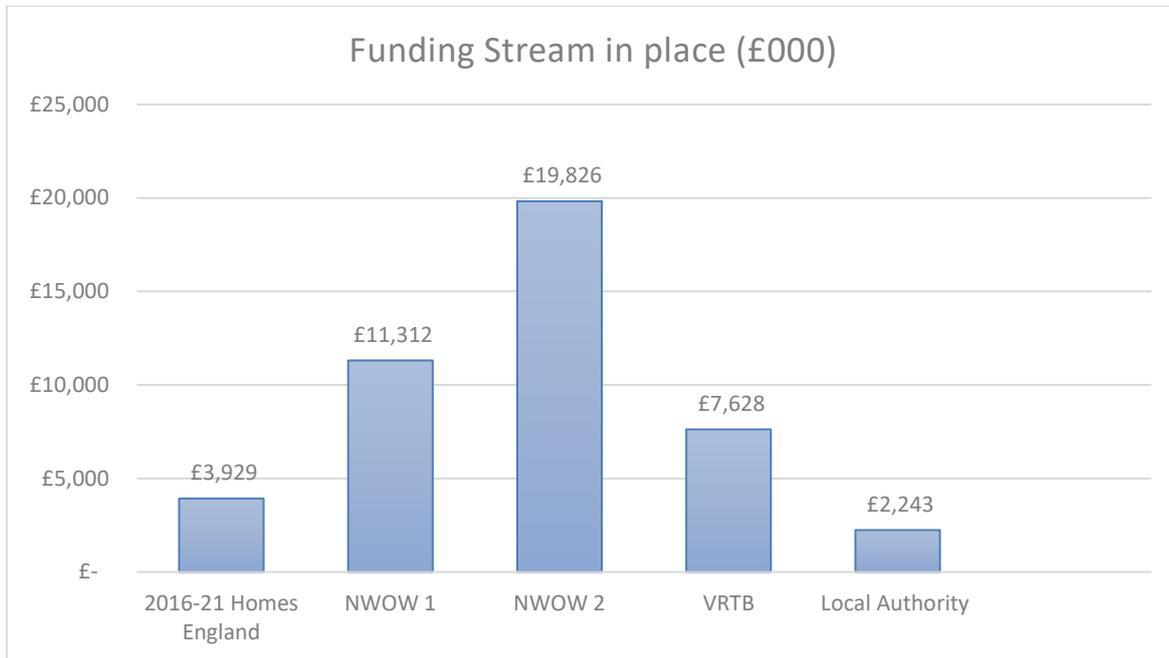
Our programme assumes an approximate split of 20% S106 sites and 80% land led sites. The focus of the programme will be on Rooftop developing its own land led sites including package deals, providing us with the opportunity to control design, tenure mix strategy, quality, and programme timing.

Land led sites utilise funding from:

- Homes England grant funding
- Local Authority and County Council financial support
- Ring fenced Preserved Right to Buy receipts (Wychavon)
- Voluntary Right to Buy (VRTB) receipts
- Recycled Capital Grant Fund (RCGF)

S106 – Acquiring affordable homes without grant takes the form of S106 planning gain acquisitions.

The table below illustrates the capital grant funding in place to deliver our growth ambition, a total of £45million pounds received from Homes England and Local Authority partners:



Rooftop's 2021-26 programme is in a strong position with grant funding secured to deliver 729 homes.

The balance will be funded through Continuous Market Engagement (CME), S106 acquisitions, Wychavon Local Authority subsidy (clawback receipts) and other local authority subsidy including commuted sums.

Rooftop will only borrow to invest in development with all financial appraisals assessed against the viability of the Group's Financial Business Plan. We will maximise our resources to ensure that we make an active contribution to support the housing market.

5.4 Tenure

Our new build affordable homes programme is sustainable and will meet evidenced demand. From site identification and initial appraisal, we will carefully assess the most appropriate tenure and unit mix balance to meet Local Authorities housing need, whilst also balancing this against being able to fund the development and achieving units at rent levels that can be afforded by the local people likely to be nominated to them. This will require consultation with internal and external stakeholders, developers, and our funders.

New affordable homes will be split across the Social Rent; Affordable Rent; Shared Ownership; and Rent to Buy tenures.

Rooftop will also now consider appropriate opportunities that can deliver a limited programme of up to 10 homes per annum for outright sale to generate a source of income to support the RHA development programme.

Home ownership is a government priority and as a result the Homes England AHP 2021-26 expected a tenure split of 50/50 Rent to homes for first time buyers/older people through Shared Ownership and Rent to Buy Our current programme projects a 60/40 split Rent to Shared Ownership which recognises local needs and as such will be subject to Local Authority agreement.

- **Social Rent**

Social Rents will be delivered by Rooftop wherever we can, where Homes England define an area as a Social Rent Area and funding is made available and where the projects are financially viable. Rents are set at a 'formula rent' calculated using 1999 property values and give rents of circa 55% of open market rent.

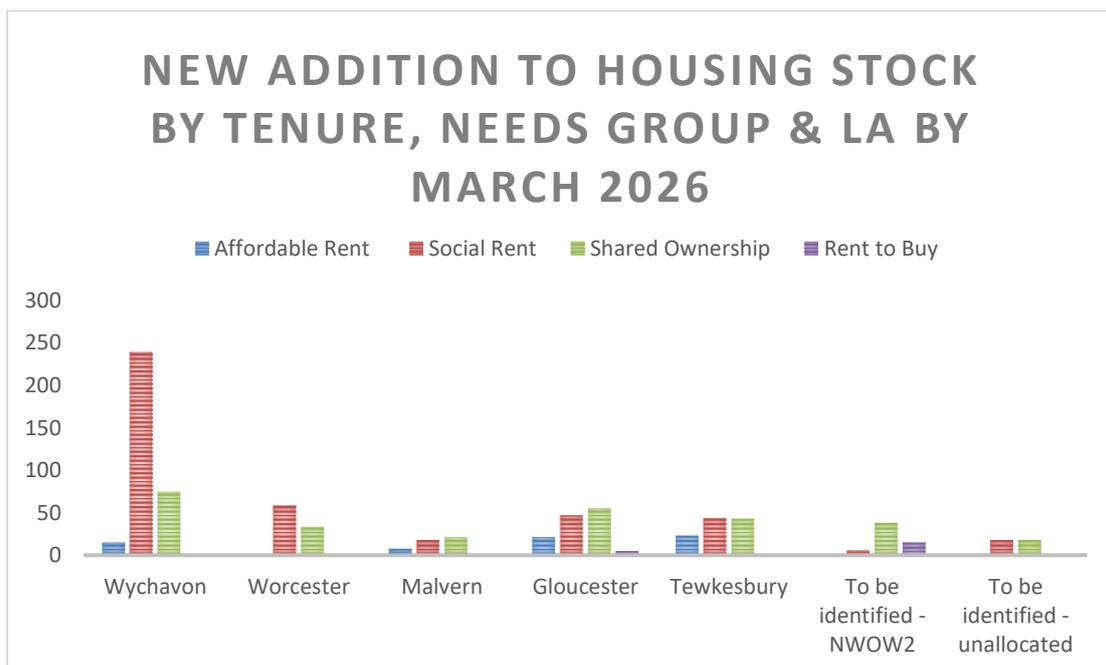
All of Rooftop's core operating areas are identified by Homes England as high affordability pressure areas and therefore higher levels of grant can be accessed to fund the delivery of new homes for Social Rent. Grant can be used for Social Rent

in other areas, but the level of grant will be no higher than that available for Affordable Rent.

At a local level, rented homes secured through S106 planning gain acquisitions are predominantly Social Rent as determined by the Local Authority.

- Affordable Rent** (Rooftop will not be charging Affordable Rents for schemes funded with NWOW2 grant funding as all operating areas are identified by Homes England as high affordability pressure areas)
 Affordable Rents were introduced in 2011 with rents set at 'up to 80% of market rent'. Homes for Affordable Rent will only be delivered on new sites in high affordability pressure areas with Local Authority support. Rents will be capped at the equivalent Local Housing Allowance as defined by Government except for those rents agreed with Local Authority partners
- Shared Ownership and other Low Cost Home Ownership products**
 Rooftop will target mid-market areas where we can meet the target incomes and achieve an average equity sale of 40% to reflect government changes to the Shared Ownership model, introduced for the Homes England AHP 2021-26. Rents are to be set within a range of 2.75% to 3% of unsold equity; except in the case of Extra-care (non-grant funded) where equity sale is matched to the resident's access to capital and income and benefits, with a rent charge of up to 4.25% of unsold equity.
- Rent to Buy (This is a Home Ownership product)**
 This product is known to Rooftop and, where appropriate and meets demand, will be considered as an option. This offer is available to those households who aspire to home ownership with a period of up to five years rental at Affordable rent levels during or after which the resident will purchase at full open market value.
- Outright Sale**
 This product compliments the work of RHA and aims to ensure a surplus on sale that supports the Group's core purpose to deliver homes for those in housing need.

The Chart below indicates the needs group and tenure split of the 800 homes per local authority area. Please note that this is subject to change as new opportunities arise.



5.5 Other Specialist Housing Provision

Rooftop remains committed to providing housing for older people across all tenures and others with specific needs such as homelessness, those escaping domestic abuse and move on accommodation.

This strategy aligns with the Group's Supported Housing Strategy with an aim to replace moribund sheltered and supported housing stock to provide excellent homes for our vulnerable communities.

As a business, we are well versed in the concept of delivering homes for older people using Open Market and Shared Ownership sale without grant to deliver rented homes.

RHA has a strong portfolio of Extra Care dwellings for older people. We recognise that we work in an area with a rapidly aging population. We also recognise that Extra Care is open to the vagaries of care and support funding and the risk that this exposes. This strategy will rebalance our housing offer to older people and deliver homes for those older people who are active but wish to downsize and live in a safe secure and purpose-built environment.

Rooftop is known and valued for its work with the Gypsy and Travellers community. Rooftop will continue to promote this work across our operational area, and where there is strong Local Authority support, we will intervene and seek to secure funding through the Homes England programme to meet this Black and Minority Ethnic housing need.

6 Methodology and Approach

6.1 Development Opportunities

Rooftop aims to deliver up to 800 homes across the lifetime of this Strategy and up to 1,000 homes by 2028 across our operational area. To establish a supply of new homes that address the housing needs of our communities we will:

- acquire and develop brownfield sites, strategic greenfield development sites and small rural sites within villages.
- consider “off the shelf” and Developer led opportunities where standards align with the Rooftop Living Home Standard.
- pursue opportunities arising from S106 agreements in areas of strategic importance including villages, especially where we can be involved in the design of schemes from the outset.
- maintain a land bank with a minimum supply of 130 plots at any given time to service our development pipeline in line with the Land Bank Policy. Rooftop's land buying focus will include opportunities with short and medium delivery horizons:
 - a) Development Supply (Short Term) – Schemes (including s106) that have a valid planning permission, resolution to grant planning permission or a validated planning application with grant funding available (if applicable) and the capability to make a start on site (construction) within a 12 month period. These schemes will have been approved in accordance with the Scheme of Delegation.
 - b) Rolling Land Bank (Medium Term) – Schemes (including s106) that have a valid planning permission; a live planning application or a planning application is actively being prepared; that have been approved or within the pipeline (offer formally accepted); and have the capability to achieve a start on site (construction) within a 12–36-month period.
- consolidate the long-term land bank opportunities it holds:
 - c) Strategic Land Bank – Major strategic land/sites in Rooftops main operational areas with no planning permission held as assets with potential for future development.

- re-assess the development potential of existing assets including garage courts or under-utilised open space.
- consider the redevelopment of sheltered housing stock, producing option appraisals for any poorly performing or unsustainable schemes.
- consider the regeneration of existing estates and surrounding land, in particular estates.
- facilitate the disposal of assets to raise capital for new supply.

6.2 Customers

The customers in the context of this strategy are those seeking a home through housing waiting lists; existing Rooftop residents whose homes are no longer appropriate for them and those with whom we work to deliver new homes including our Local Authority Partners.

Our customers live in a range of very different areas, from city centre living in central Gloucester to rural locations throughout Worcestershire. Our developments must reflect the needs and aspirations of our residents and Local Authority partners and therefore we will:

- support housing needs surveys to demonstrate demand and housing requirements.
- work with our Local Authority partners and Rural Enablers to influence and identify strategic priorities and housing need to facilitate delivery of new homes, "Right Time - Right Place - Right Design".
- ensure active community engagement in the design and delivery of major housing developments.
- liaise with Town and Parish Councils to ensure that local communities are consulted in the correct way and brought on the journey of providing new homes.
- work with our colleagues in the Neighbourhoods team to engage with our present and future residents to involve them in the decisions we make about our new homes.
- work with and support communities to develop, deliver and promote community led housing options and ancillary facilities.
- implement local lettings plans and other local arrangements in support of sustainable communities, as appropriate to the location and the needs of strategic partners.

The definition of Customer in the development context goes beyond the recipients for our homes. Those with whom we work to deliver homes are also customers including Local Authority Partners and Matrix Housing Partnership and to support them we will:

- provide a positive response to planning officers' comments through the Planning Approval Pre-Application process ensure that the information required to progress planning applications is delivered "Right First Time"
- continue to engage urban designers to engage with strategic partner and communities
- enter Planning Performance Agreements if requested by Local Authorities
- share our plans and ambitions at all levels within our strategic partnership.

6.3 Equality and Diversity

Rooftop values diversity and will seek to achieve equality of treatment and access for customers. We strive to ensure we do this without discrimination or prejudice on the grounds of any of the protected characteristics.

Our customers come from many cultural and ethnic backgrounds and are of all ages. Rooftop's approach embraces racial and ethnic origin, nationality, religion, belief, culture,

gender, sexual orientation, disability, age and lifestyle choices in our Equality, Diversity and Inclusion Policy.

The Development Strategy reflects and embraces this diversity, and we will work to meet the needs of the communities we work with to ensure the homes and communities we create enhance the customer experience of our residents.

Through the Rooftop Living Homes Standard, we will continue to deliver homes that meet Lifetime Homes Standards (or equivalent) to ensure that our homes are inclusive, accessible, adaptable, sustainable, and good value. This includes property features such as wider doorways as standard, future stairlift provision and level access. Design reference will be taken for source data such as the HAPPI standard and The National Planning Policy Framework technical housing standards.

6.4 Environmentally Sustainable Neighbourhoods and Quality Standards

Rooftop is committed to providing an emphasis on environmental and economic sustainability in all new developments. In 2019, we established the RLHS, as detailed in Appendix 4.

To continue to remain at the forefront of sustainable housing delivery we will:

- deliver zero carbon homes by 2025 through the implementation of sustainable design principles and technologies incorporated into our exacting Employers Requirements. The basis on which our new homes are designed.
- adopt a garden city/village approach to the design of new sustainable neighbourhoods to create attractive, mixed tenure, high quality homes and public spaces with a commitment to external amenity space including private gardens and shared outside space. "Building Better, Building Beautiful".
- continue to optimise use of Modern Methods of Construction (MMC) and measure our performance against the Government MMC Definition framework published 2019 achieving a minimum of 60% constructed to Category Definition 1 and 2.
- commit to investigating and installing 'smart technology' to deliver homes that are well equipped for the digital age.
- continue to ensure quality throughout the design and construction process to reduce the number of defects and implement a procedure to ensure they are remedied efficiently.
- to support the use of digital design technologies such as Building Information Management (BIM) is critical in ensuring the quality and safety of new homes.
- minimise the whole life cost of our homes by designing homes that are economical to maintain and manage and run and which are energy and water efficient.
- update the RLHS and Employer's Requirements & Design Brief as a journey to achieving zero carbon homes by 2025 including future proofing homes through design, incorporating design features for post pandemic lifestyles such as homes office space and incorporating changes to Building Regulations.

6.5 Social Value

The value of our local support services including shops and businesses has been increasingly recognised throughout the COVID-19 pandemic. We will therefore reinforce our commitment to ensuring our procurement process and operations have a positive social impact on our local communities by:

- asking suppliers to set out how they will demonstrate/deliver community benefit requirements in accordance with Procurement Policy.
- supporting local SME contractors and service providers by setting Key Performance Indicators (KPIs) to ensure that our contractors procure local sub-contractors and materials where possible.

- encouraging our contractors to provide training and employment opportunities to local people on development sites.
- working with local schools to promote what we do in terms of new homes, site health and safety and construction-based occupations.
- working with the Rural Housing Enabler for Worcestershire, Gloucestershire Rural Housing Partnership, and other community groups to identify rural housing need; and
- targeting new rural housing delivery to support local economies and preserve struggling local services and businesses including pubs, shops and/or schools.

6.6 Partnerships

We recognise and embrace the need to develop strategic alliances and partnerships with other organisations to enhance our opportunities and capacity. We will establish joint venture arrangements with selected partners on a strategic basis and at a scheme level:

- Local Authority
 - attend all relevant partnership meetings to understand strategic priorities, housing need and site opportunities.
 - provide a fee based strategic development consultancy support service to our Local Authority partners to facilitate their delivery of new homes.
 - pro-actively seek to resolve sites that are currently problematic; and
 - maintain our Preferred Provider status with key Local Authority partners.
- Other Housing Associations
 - work with the Matrix Partnership to deliver grant funded affordable homes.
 - work with other local associations on large schemes and share risks by liaising closely to reduce the adverse cost impacts of competing for schemes.
 - attend regular delivery group meetings to understand and share priorities.
 - communicate regularly and clearly with other Preferred Providers across our operational area on our respective development programmes to maximise efficient delivery of new homes and minimise unhealthy competition.
- Developers and Landowners
 - maximise our opportunity to deliver affordable homes through partnership and joint ventures where beneficial.
 - explore developing partnerships with house builders/developers to share risk on land buying or taking a stake in existing developer land banks.
 - share development and sales risk based on a profit share arrangement, whilst using the developer's expertise in development management; and
 - partnerships will be based upon risk and reward principles.
- Parish Councils.
 - engage with Parish Councils to provide support to deliver homes for local people and maintain the vibrance of our rural communities.

6.7 Procurement

Rooftop will implement effective, efficient, and proportionate procurement activities to ensure we comply with the appropriate legislation, whilst also maximising value for money and supporting the local economy as far as possible. We will:

- ensure that procurement complies with the Procurement Policy and Public Procurement Directives.
- work with our Matrix Partners to renew our Partnering Frameworks for Employers Agent and Architect services.
- maximise use of existing frameworks including, but not limited to the Homes England Dynamic Purchasing System (DPS).

- review and update the approved list of valuers and consultants.
- improve the number of apprenticeships and opportunities for local SMEs on development sites through the introduction and reinforcement of KPIs.

6.8 Viability, Monitoring and Risk

All schemes are measured individually for financial viability, contribution to our communities, environmental sustainability and performance within the Group's Financial Business Plan. Scheme viability parameters are reviewed annually and agreed by the Board.

The Group Board provides Officers with a Scheme of Delegation to recommend, and within certain limits, approve projects via the Development Project Review Panel (DPRP), the Executive Team and the Boards of RHG and RHA.

Through the scheme approval process, new schemes are assessed against the Group's active Business Plan to provide an early indicator of the likely financial effects on the whole programme prior to selecting the scheme for development.

Programme monitoring is undertaken within individual scheme appraisal, and we work with our Finance team on cashflow forecast, programme performance and forward capacity.

In addition, development and land acquisition appraisal reports will include a section on risk:

- Scheme risks.
 - site specific construction risks and the action taken to mitigate site specific operational risks, including exit strategies.
 - cost increases and cost over-runs and how this is reported to Board.
 - average cost per home developed and a comparison to existing developments as an early warning indicator of changes within the construction market.
 - where land is to be acquired outright or through a guaranteed minimum price, sensitivities will be presented detailing the vulnerabilities; and
 - where land is acquired through "option" confirmation that purchase price is determined subject to planning will be a standing item.
- Sales risk
 - sales risk appetite is set at maximum combined Shared Ownership and Outright sales exposure of 20% of annual turnover over the period of April 2021 to March 2026 as a five year rolling average over the period. This level of exposure is subject to review by the Board as part of its risk appetite review.
 - we undertake an annual, independent, assessment of the housing market within South Worcestershire and North Gloucestershire to inform the Board and the Sales Strategy.

7 Review

This Strategy will be reviewed in 2026 unless there are major changes in legislation or good practice.

Responsible board: Board of RHG

To whom delegated:

Formulation of monitoring	Board of RHG
Amendments to Strategy	Board of RHG
Implementation of Strategy	Executive Director - Investment
Approved by Board of RHG	January 2023
Next review date:	January 2026
Previous review:	January 2022