

Development Strategy

2026-2031

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Scottish Social Housing Charter Relevant Standard Outcomes

STANDARD

Section: Housing quality and maintenance

4. Quality of housing

Social Landlords manage their business so that:-

- *tenants' homes, as a minimum, when they are allocated are always clean, tidy and in a good state of repair, meet the Scottish Housing Quality Standards (SHQS), and any other building quality standard in place throughout the tenancy; and also meet the relevant Energy Efficiency and Zero Emission Heat Standard.*

Section: Getting good value from rents and service charges

13. Value for money

Social landlords manage all aspect of their businesses so that:

- *tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.*

Scottish Housing Regulator Regulatory Framework

STANDARD

- 1 The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users. Relevant guidance 1.1.

DEVELOPMENT STRATEGY

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DEVELOPMENT STRATEGY

1. INTRODUCTION

1.1 This Statement sets out the Association's **Development Strategy** for pursuing development activity over the period 2026 – 2031. It is based on the new supply and community objectives in its **Business Plan 2026 – 2031: In addition this Strategy follows these principles:**

- To work in partnership to increase the supply of high quality affordable housing;
- When developing new housing, listen to the communities we serve and our partners, providing a range of tenure options including social rent, low cost home ownership and other options that meet their needs;
- To contribute to the improvement of the social, economic, environmental and cultural wellbeing of the whole community;
- To work with remote and rural settlements to define their housing needs and support their future sustainability and prosperity through our housing investment activities;
- Balance our programme between the needs of smaller communities, those with particular needs, and our wider regional responsibilities;
- To promote energy efficiency, waste reduction and to assist in the reduction of carbon emissions and the eradication of fuel poverty;
- To deliver high quality services and standards including partnerships with third parties to provide tenure options we may not be best placed to deliver;
- To work within a policy framework and financial capacity which deliver, cost efficiency, financial viability and value for money;
- To ensure accountability, openness and compliance in the governance of the Association's activities and;
- To provide equality of opportunity and access to all our services and activities.

2. PURPOSE OF THE STRATEGY

2.1 The Development Strategy has been prepared to take account of the Association's Business Plan for the period 2026-2031 and in the context of the prevailing economic, political and operational environments that the Association is operating in. It is informed by the requirements of the regulatory regimes that the Association is subject to and by the relationships that the Association has with key partners including local and central government and funders. In addition to the current business plan, the other key strategies which integrate and complement each other are our:

- Financial Plan
- Procurement Strategy
- Asset Management Strategy
- Tenant Sustainment Strategy

2.2 The Development Strategy sets out the approach taken by Lochalsh and Skye Housing Association to housing and related development in the period 2026-2031. It will be applied to:

- Determine the role of the Association as a developer.
- Determine whether or not it is appropriate for a specific initiative to be progressed.
- Guide the Association's activity in respect of individual schemes.
- Ensure sound governance of the Association's development activities.

Its implementation will be informed by our suite of **Development Policies** including our **Development Risk Policy** and **Strategic Risk Register**, and **Treasury Management Policy**.

2.3 The Strategy also takes account of Regulatory Standard and Guidance, in particular **Regulatory Standard 1.1**: The governing body sets the Association's strategic direction. It agrees and oversees the strategic and financial plans to achieve its purpose and intended outcomes for its tenants and service users and **Business Planning Recommended Practice (BPRP) Section 4.1**: The approach to business planning should reflect the Association's vision, mission statement and strategic objectives. It should also allow reflect the vision and leadership of LSHA and allow the exploration of opportunity and innovation where appropriate.

3. THE ASSOCIATION'S ROLE AS A DEVELOPER

3.1 In adopting its Business Plan for the period 2026 – 2031, the Association has positioned itself as a champion of new affordable housing supply within Skye and Lochalsh's communities, as a direct provider and through partnership with bodies like The Highland Council, Highland Housing Alliance, Highland Residential and Communities Housing Trust. The Association has identified its capacity to undertake new build development during the period of this Strategy, within the current funding regime promoted by the Scottish Government and will continue to test the impact of new funding opportunities with a view to increasing this contribution wherever possible. Economic and funding uncertainty makes long term planning difficult but the Association is committed to its developer role for as long as financial capacity allows.

3.2 The Association's core purpose includes enhancing the supply of affordable housing because it recognises that the communities it serves continue to experience acute shortages. In pursuing an active development programme

the Association has determined that there is both short and medium term demand for its properties across all communities.

- 3.3 Rents for new build developments will be determined with reference to the national minimum living wage and, at the same time, ensure the viability of schemes being assessed for development. At the same time the Association is committed to ensuring the long term viability of the organisation and affordability for customers.
- 3.4 In undertaking development activity, the Association wishes to make a significant contribution to the achievement of the Scottish Government's objectives of creating a Healthier, Wealthier and Fairer, Safer and Stronger and Greener Scotland, underpinned by such initiatives such as Fair Work First.
- 3.5 The Association's partnership with The Highland Council is central to its role as a direct contributor of new affordable housing options in Skye and Lochalsh, The Association also provides Project Management, Clerk of Work and CDMA services to the Council on a scheme by scheme basis via individual agreements, as well as other bodies like Highland Housing Alliance.

4. GOVERNANCE ARRANGEMENTS

- 4.1 The Association's Board provides strategic direction for development activity through a set of governing principles applied to community engagement, site selection, design and programme management. The Board will approve the development programme and any amendments to it. The Association's Board receives quarterly Development Progress Reports.
- 4.2 In addition to overall programme approval, Board approval is required for the following stages in a project's life: (1) entry onto the programme as a possible or horizon project, and where possible in advance of them being adopted in the Highland Council's Strategic Housing Investment Plan (SHIP); (2) acquisition of the site; and (3) at point of commitment to construction at tender stage.
- 4.3 The Board approves and monitors arrangements for capital borrowing, keeping the Association's borrowing capacity under review and monitoring cash flow and programme activity to ensure continuing viability of both individual schemes and the organisation as a whole.
- 4.4 The Audit, Finance and Risk Sub-Committee provides oversight of development outcomes through periodic post-completion audits.
- 4.5 The Board recognises that a substantial degree of delegation to staff is essential to ensure its smooth operation. The Association's Scheme of Delegation detail the operational remit and where it sits with officers, managers and the SMT.

5. IDENTIFYING HOUSING NEEDS

- 5.1 We will work with communities, statutory agencies and partners to define the short and longer term housing need across Skye and Lochalsh, and within its constituent communities and settlements.
- 5.2 When considering a new development we will consult with residents, community bodies, employers, and statutory agencies to establish the level of need locally, the tenures they want, and identify the prospects for suitable development. We will supplement the information gathered locally with information available from statutory and research sources, including:
- Highland Housing Register (HHR)
 - Housing Need and Demand Assessment (HNDA)
 - Local Development Plan
 - Local Housing Strategy (LHS)
 - Strategic Housing Investment Plan (SHIP)
 - Other relevant strategies including those relating to homelessness, supporting people, integration of health and social care, supporting people from ethnic minority groups, fuel poverty and environmental sustainability.
 - Consultation with the local office of The Highland Council's housing department
 - Local Place Plans and Local Housing Needs Assessments

Where appropriate we will commission independent surveys and housing needs assessments to confirm the form and extent of housing need and demand, or carry them out ourselves. Communities may also commission surveys from us through the Rural Housing Fund.

- 5.3 The Association will use the information collected to prepare a five year development programme, as part of the business planning and financial planning process. Priority areas for development are agreed with Highland Council and the Scottish Government, along with the level and type of housing provided. The programme also identifies the need in these areas, the availability of suitable sites and the prospects for successful development. The Board approves the development programme annually.
- 5.4 Housing needs can vary over time, and during a project's timeline, so this analysis of need is refreshed and taken into account where possible. Areas to consider include the need for tenure mix to adapt to changing demographics, prospective tenants who have particular adaptation needs that can be incorporated into the new build, or shifts in the housing priorities in a given community.

6. SECURING SITES

- 6.1 The Association seeks to address the needs of all communities across Skye and Lochalsh, and to acquire and develop opportunities in crofting townships with housing need as well as in centres of population. Because smaller, community specific sites often carry higher costs and risks, the programme will balance these against larger sites in Portree and other villages where there are concentrations of need. The Board will consider the relative concentrations of high and low risk sites in its annual programme approval.
- 6.2 Identification of sites will come from collaborations with individual communities seeking to have their needs met, using local knowledge and expertise. The Association will also work with the local authority, community bodies, Highland Housing Alliance, Communities Housing Trust and private landowners to identify suitable sites for development. Wherever possible, the Association will seek to acquire sites at not more than the valuation set by an independent valuer.
- 6.2 The Association will seek to minimise its exposure to risks associated with abortive costs by undertaking as much exploratory work as possible to identify the feasibility of the project and site before expenditure is committed, in accordance with our **Development Risk Management Policy**. To that end, the Association will work closely with the local planning department to ensure compliance with their requirements for specific projects and to identify any potential development problems at an early stage.
- 6.3 The Association will seek to acquire sites for specific projects that are included in the development plan. Where the Association becomes aware of a site that has the potential for development to meet corporate objectives, the Association may seek to landbank the site.
- 6.4 The Association will seek to ensure that the sites that it acquires are assured of the provision of adequate infrastructure to support the development of the site. The Association will work with Scottish Water and other utilities at the early planning stages to ensure that there is adequate capacity within local systems to enable development to proceed.
- 6.5 When considering the acquisition of a site, the Association will take account of its development strategy, the existing local and structure plans for the area, and housing need in determining whether or not to proceed. Note that development is both strategic and reactive, and matching need to new supply is not an exact science.

7. COMMUNITY & TENANT INVOLVEMENT

- 7.1 LSHA is taking a holistic approach to development to ensure sustainable communities are created; place shaping and using tools like the 'place standard tool' and Local Place Plans. The Association's partnership and respect for communities is as important as the relationship with its strategic

partners. Where agreed, particularly with smaller settlements, Housing and Development will collaborate with communities in developing local lettings initiatives to help sustain and support fragile places. The approach taken by LSHA regarding consultation with internal and external stakeholders is detailed in the **Development Consultation Policy**.

8. PROCUREMENT

- 8.1 All of The Association's development procurement activities will comply with our **Procurement Strategy and Policy** to ensure fairness and transparency, demonstrate probity and provide clear audit trails for decisions and actions. The Association will adopt procedures for the administration of its development activities that comply with the requirements of the Procurement Reform (Scotland) Act 2014 and the associated Regulations which were implemented in April 2016.
- 8.2 The Association will seek to be a good client and will adopt the most appropriate procurement method for its circumstances. All procurement opportunities relating to our development programme will be advertised via the Public Contract Scotland (PCS) Portal, unless there the scale or circumstances allow a more suitable alternative within the Procurement Policy. The procurement routes that the Association will consider are:
- Appointment of a design team for a specific project.
 - Traditional Tender
 - Design and Build
 - Framework Agreement
 - Purchases "off the shelf"

The Association may be involved in more than one type of procurement arrangement at any one time. The factors that the Association will consider when selecting a procurement route are covered in the Association's **Procurement Policy**.

- 8.3 The Association will ensure that all appointed contractors and consultants are able to satisfy the Association that they have the necessary skills and experience to undertake the relevant projects that they are invited to tender for or are otherwise appointed to undertake. All contractors must be able to satisfy the Association that adequate insurance cover is in place to minimise risk and The Association will always have appropriate insurance in place to mitigate risk.
- 8.4 The focus of our development activity will be on new build. The Association will consider purchasing completed properties from a developer or "off the shelf" existing properties where that represents good value for money, is approved by the Scottish Government and The Highland Council in terms of grant eligibility and is in accordance with our Procurement Strategy and business plan objectives. Properties acquired in this way must be of at least the same quality as those houses built by the Association. We will consider

making land available to support the work of our partner organisations where we are unable to pursue viable development plans ourselves.

9. SECURING FUNDING

- 9.1 The Association will contribute to the development of the Highland SHIP in respect of the housing needs of the communities it serves. The SHIP is prepared by The Highland Council as the key planning tool that determines housing need and planned provision across the Council's area. The Association's contribution to meeting identified housing need will be identified in the SHIP and the investment required from the Affordable Housing Supply Programme (AHSP) to deliver it. The AHSP is the financial allocation made by the Scottish Government to support the achievement of the Government's target of 110,000 new homes by 2032, of which 10% are to be built in rural and island communities.
- 9.2 The SHIP will identify confirmed individual projects and sites where possible and as approved by the Board, and areas for proposed development in the longer term. The Association will seek to maximise its contribution to the local authority's development of the SHIP. The Association will seek grant funding from the AHSP to contribute towards the capital costs of the proposed schemes in line with published guidance. The Association will ensure that the proposals set out in the SHIP are realistic and achievable in respect of the availability of staff resources and expertise.
- 9.3 The Association will seek to maximise grant funding available from the AHSP and other sources in order to reduce the Association's need for private borrowing.
- 9.4 The Association will borrow capital from private lenders to supplement the grant received through the AHSP and other sources. Borrowings will be in accordance with the Association's **Treasury Management Policy** and will be negotiated on the best possible terms. The terms on which private funding is secured must enable swift draw down in order that the Association can meet its contractual commitments.
- 9.5 The Association will ensure an ethical approach to borrowing that will not jeopardise our compliance with existing covenants. We will subscribe to Scottish Government backed Bond issues and will participate in new borrowing opportunities that are developed by and / for the sector, where we are satisfied that this is in the best interests of the Association and our tenants. The Association will not incur additional borrowing unless the Board is satisfied that it is financially viable to do so and that the funds negotiated will support the achievement of the Association's business plan objectives.

10. AFFORDABLE HOUSING

- 10.1 The Association will provide housing for social rent, mid-market rent, Low Cost Home Ownership (LCHO) eg. Shared Equity, Shared Ownership or Self-Build, or other tenures and housing models eg. co-housing or housing co-operatives as appropriate and third party leases that support key worker accommodation needs. The Association will assess the need for housing for rent and LCHO as part of the initial needs assessment, and consider whether the Association should own the asset or work with other bodies to deliver affordable housing.
- 10.2 The Association will work with developers to secure the provision of affordable housing through the implementation of NPF4, Planning policy adopted 13 Feb 2023 and the application of affordable housing policies by the local authority.
- 10.3 In determining affordability, the Association will take account of its **Rent Setting Policy**. Where the Association is involved in the development of LCHO, either alone or in partnership with others, it will seek to establish a development management scheme for the development in order to ensure that common maintenance obligations are fulfilled in the future. The Association will ensure that obligations in respect of common parts are set out clearly in a Deed of Conditions.

11. QUALITY

- 11.1 The Association is responsible for ensuring that our requirements are met in terms of the quality of individual developments. We aim to provide housing that meets the needs of our customers that is:
- High quality in its design, functionality and construction and compliance standards
 - Environmentally sustainable; building materials, energy efficiency measures and renewable energy components for example.
 - Cost effective to run and maintain
 - Secure
- 11.2 The Association will help maintain, and periodically review, a Highland wide Design Brief (Firm Foundations) and Technical Guidelines which set out the standards to be met across the Association's development programme. This brief will:
- Comply with all current legislative requirements, including building standards.
 - Comply with the standards required for Housing for Varying Needs and Lifetime Homes and aim to minimise the need for subsequent adaptations during the life of the house that would impact on the long term costs.
 - Take into account tenants' views

- Meet the planning conditions of the local authority.
 - Seek to ensure that all houses achieve Secure By Design accreditation.
 - Where possible, design houses to reflect 'dementia friendly' specifications.
 - Demonstrate our commitment to sustainability in terms of environmentally friendly materials and design (see section 12 below).
 - Incorporate the expectations and aspirations of our current and future customers in respect of domestic technology, for example for broadband and digital television reception.
 - Demonstrate our support for innovation.
 - Take into account the cost in use to the occupier, for example through the installation of effective heating systems, adequate insulation and options for energy systems.
- 11.3 The association will continue to monitor developments around the proposed new Scottish Passive House Standard Equivalent with revised standards published tentatively early 2026 and mandatory standards enforced early 2028 onwards. Any statutory legislation proposed within the building regulations will be incorporated into the Associations development specifications and design brief.
- 11.4 When we consider Design and Build schemes, our agreement with the developer will depend on the extent to which it is possible to meet or exceed the terms of our standard design brief within benchmark costs.
- 11.5 Where we are procuring developments by traditional tender, our Design Brief will form part of the strategic brief for each project, but may be augmented by quality standards that are specific to that project. We will use the Design Brief as the basis for the specification of the project, to be contained in the project brief.
- 11.6 For projects that include LCHO (and other alternative tenures) or have been procured through a design and build arrangement, the Association will require a warranty from NHBC or equivalent and Collateral Warranties.

12. SUSTAINABILITY

- 12.1 We apply the principles of sustainability as set out in the Association's own **Sustainability Policy**. In all of our schemes, the Association will place significant emphasis on the use of sustainable materials and the adoption of sustainable working practices and procurement methods. In preparing the strategic brief, the requirements of our sustainability policy will be applied. Wherever possible we will use materials that are environmentally sustainable.

- 12.2 We will seek to minimise transportation by sourcing materials as locally as possible. We will support local communities by working with contractors to train and employ local people and reflect this in our contractual agreements.
- 12.3 Where practical we will reduce our carbon footprint through new build design and specification, and seek to define this through an analysis of tenant feedback and building assessments.

13. ADDITIONAL OR PARTICULAR NEEDS

- 13.1 In preparing development plans and individual sites the Association will engage with representative bodies, care agencies, community groups, carers' bodies, practitioners, Highland Council and the NHS Highland to incorporate the housing needs of those with particular needs and staff for care and support in our programme, and on individual sites.
- 13.2 In addition to our general commitment to building to dementia friendly and Housing for Varying Needs standards, the Association will, wherever possible, incorporate additional features to accommodate the requirements for people with particular needs. If specific needs are identified at an early stage, the design brief will incorporate the requirements of the potential householder. We will liaise with NHS Highland's Occupational Therapists to ensure the adaptations meet the desired needs.
- 13.3 Where a site is suitable by location and scale for meeting the needs of a group of households with particular needs, or a range of needs in the same place, the Association would work with Highland Council and NHS Highland to design and provide supported accommodation, eg. a Core and Cluster arrangement. The Association supports individual tenancies in these situations.
- 13.4 Where there are likely to be revenue costs attached to the ongoing occupation of the house, the Association will enter into early discussions with NHS Highland and the local authority to ensure that the necessary funding is available.

14. WORKING WITH PARTNERS

- 14.1 The Association is a member of the Highland Housing Register. We will work with partners to meet the housing and support needs of the communities we serve, including regional and local community priorities. For example, we will seek to respond positively to initiatives for:
- The development of affordable housing assets for the local authority, community trusts or similar organisations as Development Agent, including commissions for feasibility studies and housing needs assessments, project management for the design and construction phases, and Clerk of Works services.

- The development of specifically designed accommodation to meet additional housing needs, where the local authority or other partner will contribute towards the capital funding.
- The development of accommodation to be leased to the local authority to meet the needs of homeless households and other specific needs.
- The provision of accommodation for key workers, in partnership with a local employer and organisations.
- The development of hostel accommodation for Police Scotland, NHS Highland or similar organisations as Development Agent.

15. EQUALITIES IMPACT ASSESSMENT

- 15.1 An Equalities impact assessment has been carried out in preparation of the development strategy. No impact or barriers were identified; therefore, activity will proceed.

16. KEY PERFORMANCE INDICATORS

- 16.1 Development Key Performance Indicators (KPIs) are identified in the Appendix 1 of the Development Strategy, with post-completion audit reports to the AFR Sub-Committee.
- 16.2 The reporting of the Development output KPIs will be on a quarterly, annual basis or on completion to the Association's Board, depending on the measure used.

17. REVIEW OF STRATEGY

- 17.1 This document will be reviewed by the Board in accordance with the requirements of the Association's Register of Policies and Procedures.
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Development Key Performance Indicators

Key Performance Area	Measure
Number of accidents on site	By exception
Contract compliance (Consultants, Contractors.)	No contracts terminated due to poor performance. Post-Completion Audit Assessment
Time to reach Final Account	Post-Completion Audit Assessment
Meet EESSH & Sustainability measures	All properties have an EPC pass Post-Completion Audit Assessment
Tenant satisfaction – new home Tenant satisfaction – estate Contractor satisfaction with LSHA Consultant satisfaction with LSHA	Over 90% satisfaction Over 90% satisfaction Over 90% satisfaction Over 90% satisfaction
Number of contractors in liquidation/receivership	By exception

Appendix 2

1.1 Forecasted LSHA Completed Units (5yr Target 192 Units).

PROJECT	TENURE	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Home Farm 8A	SR 10 MMR 4		14				
Home Farm 8B	SR 10 MMR 6			16			
Home Farm 8C	SR 8 MMR 4				12		
Home Farm 8D	SR 8 SE 4					12	
Dunvegan	SR 16		16				
Kiltaraglen Phase 1	SR 30			30			
Kiltaraglen Phase 2	SR 16					16	
Kiltaraglen Phase 2 SE	SE 10					10	
Campbells Farm 6	SR 15 MMR 5	20					
Caberfeidh Phase 1	SR 15 SE 5				20		
Caberfeidh Phase 2	SR 8 MMR 6						14
Rural	SR 7			7			
Rockfield Phase 1	SR 14				14		
Rockfield Phase 2	SR 20						20
Remote Rural	SR 2		2				
Rural	SR 2			2			
Remote Rural	SR 6				6		
Remote Rural	SR 2				2		
Rural	SR 6					6	
FORECASTED	TOTALS	20	32	55	54	44	34

TOTALS :SR 195
:MMR 25
:SE 19