



Development Strategy 2025 - 2030

Contents

1. Introduction	3
2. Progress under the previous strategy.....	5
3. Development objectives	7
4. Operating Context.....	8
5. The right homes in the right places	13
6. Capacity to deliver	18
7. Governance	23
8. Strategy Implementation	26
Appendix 1 - Existing properties by settlement.....	29
Appendix 2 – Aberdeenshire top 25 pressured settlements.....	30
Appendix 3 – Langstane waiting list applications by settlement.....	31
Appendix 4 – space standards	32
Appendix 5 – current grant levels (from December 2024)	33
Appendix 6 – grant rent benchmarks compared with Langstane rents (2024/25) (annual rents)	34

1. Introduction

Langstane Housing Association has operated since 1977 and was created with the understanding that providing someone with a safe, secure, warm and well maintained home could change their life. That desire to change lives still underpins our mission today and is the foundation of our Business Plan and all the strategies that support it.

Our mission:

“provide homes and services that make a positive difference to people’s lives”

The current Langstane Group is comprised of Langstane Housing Association and three subsidiaries:

- Langstane Property Limited – our private landlord subsidiary managing mid-market properties
- Langstane Maintenance Limited – a currently dormant subsidiary set up with the potential to be the home for Langstane’s in-house DLO in the future
- Langstane Developments Limited – a currently dormant subsidiary set up with the potential to be Langstane’s development company in the future

The Group achieves its mission by ensuring that every part of the organisation strives to achieve our vision and we do this by ensuring that we target investment on the right priorities over the five key areas of our business.

Our vision :

“empower our customers and communities to be the best they can be”

Our five key business area:

- Our Homes
- Our Customers
- Our Organisation
- Our People
- Our Communities

Langstane Housing Association has a long history of developing new homes, starting in the early 1980’s with full tenement refurbishments to take advantage of tenement rehab grants, and moving on to purchase land and develop new homes from the mid 1980’s onwards. Between 1980 and 1990 we improved 289 pre-1919 tenement flats across Aberdeen and Aberdeenshire, alongside developing 729 new build flats on gap sites.

The majority of these early developments focussed on single person housing but we also developed seven non self-contained hostels providing accommodation with support, one of which was the first hostel in Aberdeen to provide accommodation to homeless women.

Our development completions per year are shown in Figure 1 below:

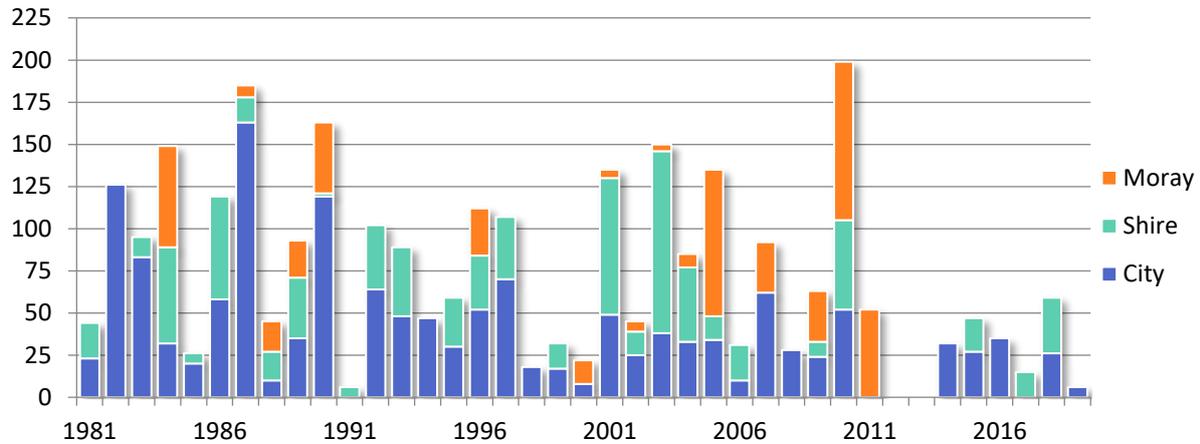


Figure 1 – new home completions by year (including tenement rehabilitations)

Our development programme stopped in 2019 but a review of our property profile and our strong financial position have led to a decision to restart a targeted development programme to achieve specific objectives.

Purpose of this Strategy

This strategy sets out Langstane's approach to providing new homes over the next five years to ensure they are the right homes, in the right places and that they are delivered in a way that ensures a robust approach to governance.

Scope of the Strategy

This strategy sets out the approach to delivering new homes which may include:

- New build development
- Off the shelf purchases
- Reconfiguration / redevelopment of existing Langstane properties
- Demolition and rebuild of existing Langstane properties

It is expected that any project of this scale that delivers new or reconfigured properties to Langstane's property portfolio will be managed in accordance with the principles in this Strategy and with the associated Development Policy and procedures.

This Strategy will have close links to other corporate strategies:

- Business Plan
- Asset Management Strategy
- Environmental, Social and Governance Strategy
- Procurement Strategy
- Community Investment Strategy
- Funding Strategy

2. Progress under the previous strategy

Langstane's previous Development Strategy ran from 2018 – 2023 with an ambition to deliver 350 new homes over the period of the strategy as well as focussing on strengthening our approach to assessing project viability and ensuring a high standard of project governance. At the cessation of development activities in 2019, 73 new homes had been delivered and good progress was made on the governance actions including:

- Introduction of new financial viability software and viability criteria agreed
- Viability assumptions reviewed in line with business planning assumptions
- Introduction of new project management software
- New format for Board reports to ensure the Board received good quality information throughout the life of every project
- Framework of design team consultants procured in partnership with local RSLs

This progress ensures that Langstane is restarting its development activities with robust procedures in place.

Developments completed under previous Strategy:



Caley Building, Peterhead – 15 x flats
Completed March 2018



Ewen Place, Macduff (phase 2) – 6 x houses, 8 x 4-in-block flats
Completed May 2018



Bob Tait Court, Aberdeen – 26 x flats
Completed July 2018



The Old Mill, Portsoy – 12 x 4-in-block flats
Completed September 2018



Froghall Road, Aberdeen – 6 x flats

Completed April 2019

3. Development objectives

This Strategy aims to achieve the following objectives:

Objective 1 – we will ensure our development programme delivers the right homes in the right places

- We aim to deliver 100 homes over the life of this Strategy with a further 150 planned for the following 5 year period
- We will focus on social rented homes
- We will deliver high quality homes that are affordable for tenants and achieve net zero emissions targets
- We aim to deliver developments and homes that tenants are proud to live in
- We will prioritise the delivery of houses over flats in order to diversify our property portfolio
- We will focus on Aberdeen, the Aberdeen housing market area, Elgin and Forres but remain open to opportunities where demand can be evidenced

Objective 2 – we will ensure that we have the capacity to deliver our development plans

- We will focus on projects that present the lowest risk to the Association
- We welcome collaborative delivery with RSLs and housebuilders / developers
- Early projects will include our priority land-banked sites, if viable
- Our programme will include new build homes and potential redevelopment / reconfiguration of existing Langstane properties (primarily bedsits and 1 person flats)
- We will ensure we have sufficient resource in our Major Works team to manage development alongside net zero and improvement programmes
- We will secure private finance by December 2026 to ensure we have the financial capacity to deliver our plans

Objective 3 – we will ensure that our development activities are robustly governed

- We will ensure that every project undergoes a robust viability assessment
- Our Board will approve every project prior to acquisition / contract signing
- We will provide our Board with good information throughout the project life and alert them to any significant cost or programming issues
- All projects will be risk assessed and increased risk levels will be reported to Board
- We will ensure that post-completion reviews are carried out to facilitate continuous learning and improvement

4. Operating Context

Housing to 2040

'Housing to 2040' is Scotland's first ever long-term national housing strategy. It provides a vision for what housing should look like in 2040, with four main themes:

- More homes at the heart of great places
- Affordability and choice
- Affordable warmth and zero emissions
- Improved quality of all homes

To achieve the strategy the Scottish Government has set a target of 110,000 affordable homes to be delivered by 2032 (of which 70% are to be for social rent and 10% to be in remote, rural and island communities).

Since 23 March 2022 when the target was set, to 30 June 2024, 22,743 affordable homes had been delivered (21% of the target).

The affordable housing budget was cut by 22% to £600m in 2024-25 but has since been increased to £768m in 2025-26, reconfirming the Scottish Government's commitment to achieving their affordable housing targets.

Grant levels per home have risen to take account of increased delivery costs and quality requirements. Current grant levels (applicable from December 2024) are noted at Appendix 5. However, delivery costs have also risen substantially leading to some concern in the sector that the 110,000 target will be difficult to achieve¹.

Alongside the affordable housing targets, Housing to 2040 sets out a number of other actions that will be implemented to improve the quality and delivery of new homes:

- New homes are expected to have clean heating installed and achieve net zero emissions from 2026
- A tenure neutral Housing Quality Standard is to be developed to ensure all housing meets set minimum quality criteria
- The Housing for Varying Needs (HfVN) design guide is being reviewed
- The format of Energy Performance Certificates is being reviewed
- 20 minute neighbourhoods will be promoted to ensure easier access to amenities

We will consider each of these changes as they are confirmed so that we understand the cost and delivery impacts.

Climate emergency

The climate emergency is one of the greatest concerns of our time. Housing accounts for approximately 20% of the UK's emissions and so Langstane is well placed to make a positive contribution to reducing emissions. We will ensure that our new homes are built to

¹ The Housing Statistics for Scotland Quarterly Update published in December 2024 declared that starts (14,768) and completions (19,828) across all sectors fell by 12% and 10% respectively in the 12 months ending September 2024 compared to the previous year. The figures outlined that the number of social homes starting to be built has stayed at its lowest level for 20 years.

net zero emissions standards and can comply with 2045 targets without the need for future retrofit.

Climate issues are wider than just emissions and it is important that we also consider design solutions to reduce water use, increase biodiversity, respond to flood risk and incorporate climate adaptation into our new homes. Our approach to the wider climate agenda will be considered and refined as part of our design specification review.

Local authority affordable housing priorities

Each of the local authorities publish Housing Needs and Demands Assessments (HNDAs) which inform their Local Housing Strategies (LHS), and Strategic Housing Investment Plans (SHIPs) which set out how they will deliver affordable housing in their area. Langstane operates across Aberdeen City, Aberdeenshire and Moray council areas and each area has its own challenges. Based on published information in HNDAs, LHS and SHIP's, the housing priorities for the local authorities are summarised below:

Aberdeen City

- Anticipates an average affordable housing requirement of 219 new social-rented homes per year from 2023 - 2042
- Will prioritise projects based on tenure (social rented preferred), provision of specialist accommodation (wheelchair housing and housing with support) and deliverability
- Has a priority to deliver city-centre living
- Anticipates an allocation of around £16m per year to 2028/29 with additional funding available through council tax raised on empty and second homes
- Has the potential to deliver 2,814 homes through the SHIP (2024-2029), which exceeds the requirements in the local housing strategy
- Notes that market and price volatility are hampering ability to deliver developments
- 70% of Aberdeen City applicants with housing need require a 1 bedroom property and 12% require a 2 bedroom property, although there is low demand for 2 bedroom flats
- Has seen a 47% increase in prospective tenants seeking accessible housing
- Has set a target of 15% delivery of wheelchair accessible social rented housing
- Notes that there is no off-site construction planned within their own council housing programme following recent issues with deliverability of offsite construction methods due to supply chain within the north-east

Aberdeenshire

- Anticipates an average affordable housing requirement of 225 new social-rented homes per year
- Prioritises projects based on ability to meet housing need (see Appendix 2 for priority locations) and deliverability
- Anticipates a grant spend of approximately £83.4m over the SHIP period (2025-2030)
- Has the potential to deliver 1,879 homes through the SHIP (2025-2030), with 1,469 being for social rent

- 53% of applicants in Aberdeenshire with housing need require a 1 bedroom property and 21% require a 2 bedroom property
- Aberdeenshire SHIP 2022 – 2027 notes pressure on 1 bedroom properties and 3+ bedroom properties and a lack of particular needs housing.
- Are projecting an 11% rise in the number of single person households over the next 10 years and 72% of all homeless presentations are from single person households.
- Recognises that there may be an oversupply of 2 bedroom properties, in particular flats in the north of Aberdeenshire.
- HNDA notes that the largest population increases will be in 65-74 and 75+ age groups.
- Has set a target for 15% of affordable homes to be particular needs housing, with 10% to be wheelchair accessible.

Moray

- Anticipates an average affordable housing requirement of 207 social rented units per year
- Prioritises projects based on deliverability and their ability to meet strategic priorities
- Has historically had an allocation of £11m per year, dropping to £7m in the past two years, and this is supplemented with council tax levy on empty homes and commuted sums from private developers.
- Has identified pressure on 1 bedroom and 4+ bedroom properties with considerably less pressure on 2 bedroom properties leading to a presumption against 2 bedroom general needs properties in their SHIP
- 60% of homeless applicants are from single person households and 20-30% of their SHIP delivery will be in the form of 1 bedroom general needs flats
- Has set a target of 20% of social rented homes to be suitable for ambulant disabled, although the expectation is that this will be delivered in 2 bedroom or larger properties
- Is not including a requirement for sheltered housing in the SHIP but will include new supply extra care housing
- Will prioritise developments that include specialist housing for people with learning disabilities
- Has an identified need for key worker housing

It should be noted that HNDAs were published in 2024 and not all of the associated Local Housing Strategies have yet been updated meaning that some of the information above will be subject to change once new housing strategies are published.

Langstane property profile

Langstane carried out a strategic review of its properties in 2022, with Housemark consultancy. This review highlighted five underperforming schemes and low demand for some bedsits and single person flats, and for two bedroom flats in particular geographic areas. Alongside this we are seeing fluctuating demand in areas that have traditionally had high housing need such as Peterhead.

The 2022 exercise identified the need to diversify our property portfolio by increasing the number of houses through new build, and improving the quality of smaller low demand properties through reconfiguration. Our tenants also tell us that they would like to have the

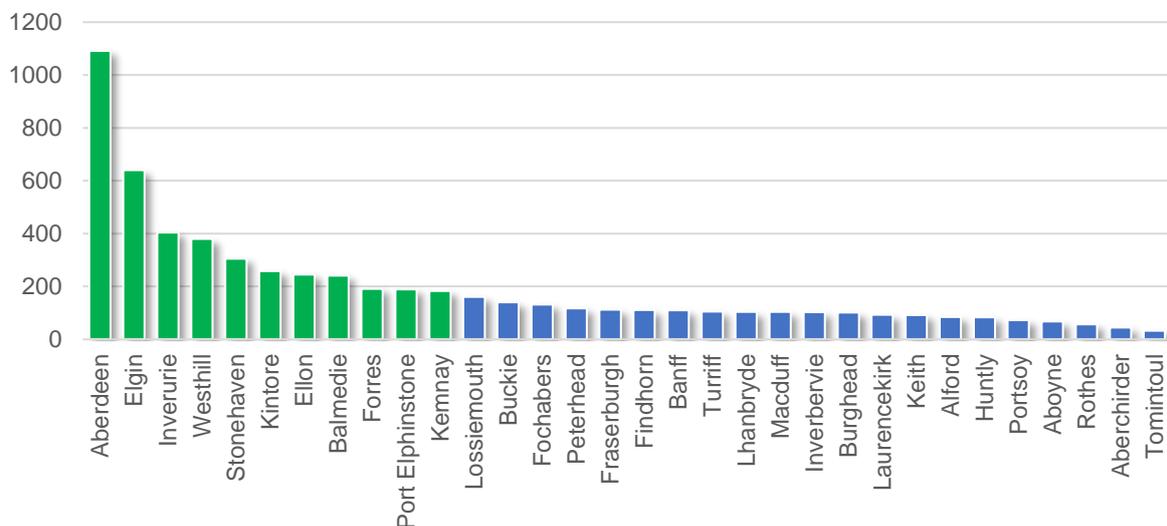
ability to stay with Langstane but move to more suitable accommodation as they grow older and needs change.

Restarting our development activities gives us the opportunity to progress these identified actions but we will take a targeted approach to ensure that new homes contribute positively to our property profile.

Langstane waiting lists

Langstane allocates property from its own waiting list alongside taking approximately 50% nominations from local authorities. Information on our own waiting list application numbers by settlement is provided at Appendix 3 and summarized below and identifies that the most sought after locations are Aberdeen, towns in the housing market area, Elgin and Forres (highlighted in green in the chart below).

No of applications by town / city (as at January 2025)



Economic opportunities

There are a number of planned or ongoing economic projects in our area of operation that may impact positively on housing need and delivery:

Aberdeen City Centre Masterplan

Significant investment is taking place in Aberdeen's city centre as part of the City Centre Masterplan. A number of major projects have already been completed, including the Art Gallery refurbishment and Union Terrace Gardens, and major works are underway to upgrade Union Street, improve the beachfront and develop a new Aberdeen Market building. This investment will contribute to creating a city centre that is more welcoming to live and work in and planning applications to redevelop city centre buildings into housing are already increasing.

Given the difficulties finding commercial tenants for city centre / high street buildings, redevelopment of vacant buildings in the city centre may present an opportunity for Langstane if the resulting homes meet design requirements.

It is likely that there will be opportunities for town centre living projects in other settlements as well, as high streets struggle to attract businesses and increasing numbers of properties sit vacant.

Cultural Tides: North Sea Connections – levelling up bid

Aberdeenshire Council's bid for funding to deliver cultural improvements in the Banff & Buchan constituency was successful with £20m of levelling up funding awarded in 2023. Various projects are planned including the renovation and extension of Macduff Aquarium and development of a cultural quarter in Peterhead, centred around Arbuthnot House (which sits behind Langstane's Caley Building development) and Arbuthnot Museum.

It is hoped that these projects will be a catalyst for further investment in the area and will help to rejuvenate the local communities and make the Banff & Buchan area a more attractive place for people to choose to live and work, potentially improving demand for housing.

SSEN Transmission Housing Strategy

SSEN Transmission intends to work with housing providers to deliver 1,000 homes as part of its Pathway to 2030 programme to upgrade the transmission network in north Scotland. Housing will be used for workers accommodation initially but will support local affordable housing need once SSEN projects are complete.

The scale and location of housing projects has still to be confirmed but there may be opportunity for Langstane to work with SSEN alongside other affordable housing providers.

5. The right homes in the right places

Tenure

100% of our new homes over the period of this Strategy will be for social rent.

Size and type

We will work with local authority partners to deliver developments that meet their current and projected need and demand, but the focus for our development programme will be to diversify our property portfolio by adding more houses suitable for a range of occupants including families, older people and those with particular needs.

We already have a substantial number of flats available for single person and smaller households and we will generally not deliver developments that are predominantly comprised of flats unless there is a specific reason for doing so (for instance relocation of supported accommodation, reconfiguration of existing properties or limited or no flatted accommodation in the area) but it is accepted that a small number of flats may be required on some sites, alongside housing, to achieve financial viability.

Geographic location

It is recognised that most development opportunities come from ‘opportunity’ – it may not always be possible to focus on specific locations due to cost, lack of available sites etc.

Langstane currently has homes in 32 towns and cities across the north-east of Scotland. Our focus will be to develop in areas where we already have a presence in order to reduce travel and resource requirements for housing / property management teams and ensure we can deliver services to tenants effectively.

The locations of current homes are shown below. Appendix 1 provides more detail on the numbers of homes in each town.



Key to Areas

Aberdeen

Aberdeen Housing Market Area

Urban Centres

Rural Hinterland



Settlements with a circle around them have populations of more than 10,000

Alongside an existing presence, we will prioritise development in towns where there is a clear housing need based on local authority demand assessments, but also taking in to account our own waiting list and our experience of letting property in the area (which does not always match with anticipated demand).

Our current waiting list applications are shown at Appendix 3 and identify that the most sought after locations are Aberdeen, towns in the Aberdeen housing market area, Elgin and Forres and it is anticipated that this will form our main area of focus for developments. However, we will remain open to opportunities that meet our objectives and meet an evidenced housing need.

At present we do not intend to develop in the Cairngorm National Park area.

Quality standards

Restarting our development programme will allow Langstane to add high quality, future-proofed homes to our property portfolio. We want to build homes that tenants care about and are proud to live in, in developments that have well-designed communal spaces and provide a sense of place.

We will review our design specifications to set appropriate standards to be achieved for all new homes and keep these under regular review to ensure they incorporate changing quality requirements and best practice.

Reviews will take account of regular feedback from key internal departments to ensure that the specification we employ minimises planned maintenance / repair requirements and excludes materials or products which have poor maintenance performance.

Close attention will also be paid to housing trends and feedback from our customers in terms of design and layout to ensure that new homes will continue to meet customer preferences and expectations into the future.

Periodically, specific research may be undertaken into the requirements of particular groups, such as older people.

In addition to meeting applicable building regulations and planning requirements, other current quality standard requirements will include:

- **Housing for Varying Needs** – aim to meet ‘basic’ criteria and ‘desirable’ criteria should be included wherever possible (Scottish Government grant requirement). Housing for Varying Needs is currently under review with changes expected to be incorporated into Building Standards and guidance in 2025/26.
- **Secured by Design** – aim to achieve Silver or higher (best practice)
- **Scottish Government Design Guidance** - ‘Creating Places’ and ‘Designing Streets’ – to be referenced (Scottish Government grant requirement)
- **Blue / Green Infrastructure guidance** to be considered (Scottish Government grant requirement). This guidance includes:
 - Water-resilient places – surface water management and blue-green infrastructure : policy framework
 - NatureScot Research Report - Maximising the Benefits of Green Infrastructure in Social Housing

- **Place Standard tool** to be referenced to ensure quality of place is considered alongside quality of life (Scottish Government grant requirement)
- **Scottish Housing Quality Standard (SHQS)** – all of our new homes will meet the Scottish Housing Quality Standard (Scottish Government requirement)
- **Social Housing Net Zero Standard (SHNZS)** – the SHNZS targets are expected to be confirmed later in 2025. All of our new homes will meet the standard (Scottish Government requirement)

The Scottish Government has additional specific design requirements which must be met in order to be eligible for grant:

- Homes must include ducting to help future proof access to internet and broadband services, wherever possible
- Homes must have space for homeworking or study
- Homes must have communal or private space with room for people to sit outside
- Homes must be digitally enabled to ensure occupants can access an internet connection without the need for additional cabling

A number of amendments to Building Standards have come into force since Langstane ceased development which will also need to be incorporated into design specifications for new homes and other substantial changes are anticipated in the near future. The key changes are:

- All new social housing (and any other new build multi-occupancy residential buildings) must be fitted with automatic fire suppression systems (sprinklers) – as of March 2021
- EV charge points (1 per new home) must be provided adjacent to parking spaces – as of June 2023
- New homes and some conversions must have clean heating systems installed – gas or oil based systems are not compliant – as of April 2024
- All new homes to meet a Scottish 'Passivhaus' equivalent – proposals were consulted on in July 2024, with further consultation to be carried out in 2025 and implementation planned for March 2028.

Housing to 2040 proposes further quality and place standards but these are yet to be finalised and will be incorporated into our design specifications as they are released.

Space standards

Covid lockdowns highlighted the importance of a good quality living environment, and in particular having sufficient space to live comfortably, and work or study from home if necessary. Alongside this, modern life tends to generate a requirement for more space, particularly storage.

As part of the review of our design specification we will consider our minimum space standards to ensure they are appropriate for modern living. There are currently no nationally set minimum space standards for new homes in Scotland and every housing association and local authority tends to set their own standards, often with reference to historic guidance (in Langstane's case the guidance referred to dates to 1968).

Aberdeen City Council has published minimum internal floor areas in their 'Aberdeen Planning Guidance : Space Standards' guidance.

Nationally Described Space Standards (NDSS) were introduced into planning guidance in England in October 2015 but adoption is optional.

Langstane's current standards are detailed at Appendix 4 and have been compared with the English NDSS and Aberdeen City Council's standards for comparison.

Accessibility

All of the local authorities have identified pressure in finding suitable homes for applicants with accessibility / particular needs issues and there is a lack of wheelchair housing across the area we operate in. As the population ages, pressure for adapted / adaptable homes is likely to increase alongside older households living in their homes longer with conditions such as dementia.

Conversely, Langstane has found that homes with certain adaptations, particularly wheelchair kitchens, can be challenging to relet.

Langstane will aim to incorporate accessibility features into ground floor properties and houses / bungalows as standard so that they are suitable for ambulant disabled occupants. We will also consider dementia friendly design features that can be incorporated into the design of our new homes as standard.

As development projects are identified we will liaise with local authorities to incorporate more specialist provision where it is appropriate and viable to do so.

Sustainability

The climate emergency is one of the most important issues of our time and housing accounts for around 20% of the UK's carbon emissions. Langstane is well-placed to make a positive impact on emissions from homes, both by improving the energy efficiency of existing properties, and by reducing the environmental impact of new homes during and after construction.

The Scottish Government's 'Housing to 2040' strategy sets out an ambition for all homes to have net zero emissions by 2045, with new social housing to meet this standard from 2026 onwards.

Homes built to net zero principles not only contribute positively to the environment – they also reduce fuel poverty and enhance the quality of life of their occupants.

Through our development programme we will focus on:

- Sustainable homes – that meet 2045 net zero principles, are energy and water efficient, have clean heating systems and promote good air quality through well designed ventilation
- Sustainable locations – with good infrastructure and access to local amenities and good public transport links

Innovation

Langstane is committed to identifying opportunities for innovation across our development programme. This may take the form of house-types, construction materials or delivery

methods. We envision that this will be realised through collaborative working, modern methods of construction, sustainable material choices and smart homes technology to bring about benefits such as reduced costs, improved quality, or resource efficiencies.

Innovation will be considered on a project by project basis, with the risks and benefits of innovation being considered as part of the project viability.

Affordability

A key focus for our development programme will be to deliver homes that are affordable for tenants, both in terms of rent and running costs.

Langstane has a rent matrix that sets rents for properties based on size and location and is reviewed annually to ensure that rents sit within a 30% income test. Rents for new homes will also have to be measured against the Scottish Governments rent benchmarks in order to be eligible for grant funding.

Current grant rent benchmarks are shown at Appendix 6, and compared with Langstane rents.

Although Langstane rents meet the 30% affordability test, they generally exceed the Scottish Government benchmark rents and so clear justification will be needed to explain the difference.

Community engagement

Community engagement at an early stage in the development process can help to ensure that the community supports the proposals and can aid the planning process.

We will work with established community groups such as Community Councils, Community Associations and Development Trusts, to ensure they are aware of plans at an early stage and have an opportunity to input into design solutions where appropriate.

Throughout the development process we aim to be a 'good neighbour' and will require projects to be registered with the Considerate Constructors scheme.

Continuous improvement

We will carry out a post-completion occupants survey for all new homes, approximately 6 months after tenants have moved in. This survey will capture and design and quality issues that need to be considered and incorporated into specification reviews.

We will carry out a full post-completion reviews approximately one year after completion which takes into account the tenant feedback but also considers views from housing and maintenance teams and contractors / consultants involved in the project to ensure that any learning is captured and appropriate changes to processes are made.

6. Capacity to deliver

Project pipeline

We will identify and deliver development projects through a number of routes

- Development of our land bank sites
- Off-the -shelf or open market purchases
- Opportunities to deliver through partner RSLs, developers and house-builders
- Traditional land-led development projects
- Redevelopment or reconfiguration of existing Langstane properties

Regardless of the route it will be important to Langstane that the delivered homes meet our design requirements and corporate objectives.

- **Land bank**

Langstane currently has a land bank of six sites, four of which have been identified as surplus to our requirements. These surplus sites will be disposed of and the two remaining sites will form part of our project pipeline. We will liaise with Scottish Government to determine whether proceeds from land bank disposals can be recycled into our new development programme.

The two priority sites require design and viability reviews to ensure they meet our current requirements and are viable to deliver, but below are details for both sites prior to the cessation of our development activities in 2019.

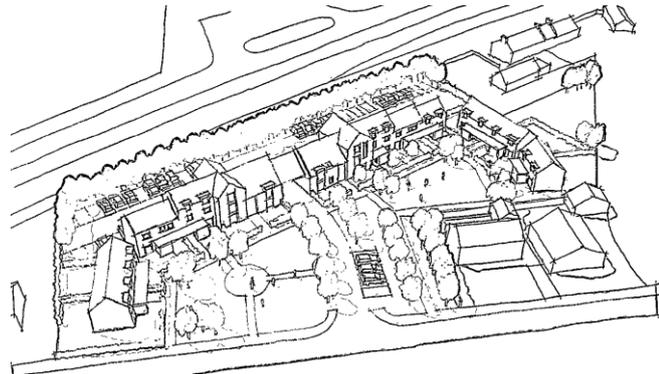
It is not our intention to build up a land-bank going forward.

Coull Cars, Portlethen

This site is a former petrol station site (now cleared) in Hillside, Portlethen, close to Aberdeen. The site was purchased by Langstane in 2007, at which time Hillside was a small village, sitting separately to Portlethen. Hillside has grown substantially since then and now has its own primary school, shops and a community facility. Adjacent Portlethen has a secondary school and supermarkets and the area has good transport links to Aberdeen.

Planning approval (now lapsed) was granted based on:

- 2 x 4 bed houses
- 3 x 3 bed houses
- 1 x 3 bed adapted house
- 4 x 2 bed houses
- 6 x 2 bed flats
- 4 x 1 bed flats

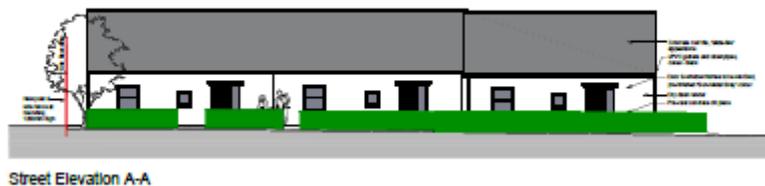


Garrol Place, Fettercairn

This site is an area of open ground purchased from Aberdeenshire Council in 2007. It sits close to the local primary school and the village is served by a number of small shops. There are good road and links to Aberdeen with a train station in nearby Laurencekirk, but a limited bus service.

Planning approval (now lapsed) was granted based on:

- 3 x 2 bed bungalows
- 2 x 3 bed houses
- 4 x 1 bed cottage flats



The surplus sites highlighted for disposal are:

- Fife Street, Macduff
- Perhill Road, Lumphanan
- Ashgrove Road, Aberdeen
- Quarry Road, Fraserburgh
- **Off the shelf purchases**

This delivery route is the lowest risk for Langstane and would involve the purchase of completed homes directly from a housebuilder / developer. Off the shelf purchases are

treated as property transactions, usually with a single payment to the contractor on handover, and are therefore exempt from public procurement regulations. However, this assumes the purchaser has limited influence on design (over and above the housebuilders standard specification and planning / building control approvals) and so can lead to a compromise in quality, sustainability and housing mix.

Where Langstane is considering an off the shelf purchase we will ensure that the proposed homes meet our design requirements, and Scottish Government grant requirements, or can be brought up to standard after the purchase with minimum cost and within financial viability criteria and without changing the nature of the purchase.

- **Delivery through partners**

This delivery route presents a low risk option for Langstane and an efficient means of delivering development projects in terms of employee and financial resources. Delivery options will include:

- Shared projects with partner RSLs to reduce our in-house resource requirements
- Section 75 projects with housebuilders
- Developer led design & build projects

A key priority for the initial phase of this Strategy will be to re-establish links with partners in order to establish a pipeline of development opportunities.

As with off-the-shelf purchases, there is a risk that this route could lead to compromise in terms of quality, sustainability and also housing mix so, where development are delivered using this route, the finished homes must meet Langstane's design specification and housing need requirements.

- **Traditional land-led projects**

This route will generally only be considered where Langstane has a specific requirement to deliver a project that cannot be progressed with a partner RSL or housebuilder. Situations where this might be appropriate include (but are not limited to):

- Relocation of two Aberdeen non self-contained hostels (Wernham House and Seabank House) to form more appropriate self-contained supported accommodation.
- Development of homes in a particular location where a site becomes available and there are limited or no opportunities to deliver the homes in another way
- Development of land bank

- **Redevelopment / reconfiguration**

Alongside delivering new build homes, Langstane will consider redevelopment or reconfiguration of existing Langstane assets to form more suitable homes. The Asset Management Strategy sets out how potential redevelopment projects might be identified through strategic asset reviews and in particular we will focus on reconfiguration of bedsits and single person flats.

Organisational capacity

Delivery team

Langstane does not currently have a Development team and an in-house resource will be required to deliver new build projects in order to ensure robust governance, good project management / administration and quality control.

It is intended that the scope of the existing Major Works team will be expanded to deliver development alongside net zero retrofit programmes of work and existing component replacement / planned maintenance work.

Actual people resource requirements will be identified as the project pipeline becomes better understood.

Opportunities to share resources with local RSLs will be investigated, particularly with regards to Clerk of Works services.

Impact on housing management and maintenance resources

Adding new homes to our property portfolio will add workload to existing housing management and maintenance functions. Given that new homes are likely to be added in relatively low numbers each year, it is not anticipated that there will be a need for additional housing resource within the life of this Strategy but this will be kept under review.

The ongoing maintenance and asset management costs of new homes will be built into longer term 5 and 30 year plans.

Langstane Developments Ltd

Langstane's subsidiary, Langstane Developments Ltd, was created to act as a design and build company, allowing Langstane to recover VAT on professional fees. In preparation for restarting our development activity we will seek professional advice on the risks and benefits of utilising the subsidiary for development purposes.

There are basic VAT principles that must be met and HMRC has challenged a number of Housing Associations on their development subsidiary arrangements. It is the intention of Langstane to deliver projects through its subsidiary if the VAT tests can be met.

Financial capacity

The development programme will be funded through a combination of private finance and grant funding. Grant funding will predominantly come from the Affordable Housing Supply Programme (AHSP) but there may be opportunities to take advantage of other grant streams, particularly for brownfield projects or reconfiguration projects that incorporate net zero work. We will seek to maximise grant funding on all projects, including making a case for additional AHSP grant on projects where financial viability cannot be met without it.

Delivery costs have increased substantially since Langstane's last development in 2019. Scotland's Housing Network (SHN) published their 'Development Value for Money Annual Report 2023/24' in August 2024 with the following findings:

- The average gross cost per unit in 2023/24 was £196,600 compared with £166,500 the year before – converted to a 3 person equivalent, the average gross cost per unit was £186,900 (£3117 per sqm)
- The average sqm works cost for 2023/24 projects was £2,660 compared to £2,200 the previous year
- Smaller projects tended to be more expensive to deliver per unit with larger developments (30+ properties) being more cost-effective
- RSL projects received a median of 55% grant funding against the total cost of projects

Based on these findings, we anticipate our full development programme (250 homes over 10 years) will cost around £57m. With 55% grant funding this will require private finance of £26m.

This figure will be incorporated into our business planning to determine the most appropriate timing for the development programme, taking into account existing loan repayments.

7. Governance

Governance and reporting structure

Langstane has developed a project reporting structure for development projects that demonstrates robust due diligence for all projects and ensures our Board can meet their obligations with regards to standards of Governance and Financial Management, particularly standard 1 (decision making) and standard 3 (financial well-being) and standard 4 (good information).

Typical project reporting / approval gateways are detailed below – these may vary depending on the type of project being undertaken

Site suitability report – this is undertaken by the delivery team as soon as a potential site is identified and assesses whether a site meets the objectives of Langstane. It considers potential sites against a number of set criteria to allow Langstane to quickly eliminate opportunities that do not meet our objectives. This report is not presented to Board.

Project viability report – prior to acquisition of a site (land-led projects) or entering into a contract (Section 75 projects and off the shelf purchases), Board approval must be given based on a detailed project viability report. The project viability process is summarised in the next section.

Tender report – where costs change after the project viability report has been approved, a follow up tender report is provided to Board to reassess project viability. This report is typically required for traditional land-led projects with a tender stage but may not be required for Section 75 projects

Progress reports – Board are provided with regular progress reports throughout the construction phase of the project giving updates on spend against budget and any cost variances, and progress against programme and any potential delays to completion

Final account report – Following completion of the development, Board are provided with a report which provides final account costs against budget and programme information.

Post completion review – approximately 12 months after completion, following conclusion of the defects liability period, Board are provided with information on:

- Tenant feedback on the scheme
- Defects arising during the liability period
- Quality considerations and updates that need to be incorporated into the design specification
- Lessons learned for future developments

Project viability

Development is a high risk activity and it is important that decisions to take projects forward are based on good quality information and that viability is measured against clear criteria. Financial viability is one element, but a number of other viability criteria must also be met:

- **Financial viability**

Our goal is to progress projects that:

- Deliver a positive Net Present Value (NPV)
- Achieve a loan repayment year of no more than 30 years
- Achieve an Internal Rate of Return (IRR) that compares favourably to borrowing interest rates

Financial viability appraisals are undertaken using sector-recognised viability software and incorporate assumptions (management and maintenance costs, future rent increases etc) that are regularly reviewed to ensure they are in line with business planning assumptions.

Generally projects will not be taken forward unless they meet all three of the financial viability criteria.

In exceptional cases a project may be recommended to Board for approval when it does not meet all of the financial viability criteria. This will usually relate to strategically important projects and the rationale and risks will be clearly explained in the viability report.

- **Housing Need / demand**

A viable project must be in an area of evidenced housing need, whether that comes from the Local Authority or from our own waiting list information. Recent lettings experience will be considered when assessing housing need.

- **Funding support**

The Local Authority must confirm their support for a project and it must be included in their SHIP. The project must also meet any set terms of our private funding.

- **Housing quality**

The proposed development must meet Langstane's design specifications. Where this cannot be fully achieved (for instance because the project is a redevelopment of an existing building), justification must be provided

- **Value for Money**

In accordance with grant requirements, Langstane will participate in Scotland's Housing Network Development Value for Money (DVfM) benchmarking which will allow us to assess the value for money aspects of potential projects against recently completed projects.

- **Risk**

All projects are risk assessed and given a RAG rating. Langstane will generally not take forward projects assessed as high risk after risk mitigation.

- **Strategic objectives**

One of the objectives of restarting our development programme is to diversify our property profile. This objective will be incorporated into our project viability assessment.

Procurement

Langstane has a Procurement Strategy, Policy and procedural manuals that set out how procurement should be managed, based on type and value of the item being procured.

Given the variety of ways that a development project can be delivered, procurement will vary from project to project but any procurement activity will comply with the applicable legislation.

We maintain a consultant's framework which is jointly tendered with local RSLs every four years and allows us to call off architectural, quantity surveyor and structural engineer services. Any specialist services will be procured on a needs basis and, where appropriate, we will make use of existing competitive frameworks such as Scottish Procurement Alliance, Scotland Excel and Procurement for Housing.

In accordance with grant requirements our procurement approach will be assessed through Scotland Excel's Continuous Improvement Programme for Procurement (CIPP). We aim to have our first assessment in 2025/26 with reassessment approximately every three years thereafter.

Risk management

Development is a higher risk activity for housing associations, requiring substantial investment of time and money, and a robust approach to risk management is essential.

At programme level, development will be added to the strategic risk register, monitored quarterly and reported to the Audit Committee.

Risks that might impact on development at programme level include:

- Changes to government affordable housing delivery targets or grant funding levels
- Introduction of new quality / energy efficiency / safety standards that impact on cost
- Interest rate fluctuations or changes in construction costs due to inflation
- Increased competition for grant from other housing associations
- Slow down in private house-building leading to lack of affordable housing opportunities

At project level, every project will undergo a detailed risk assessment as part of the viability decision-making process. Key risks will be reported to Board in the project viability report and a project risk register will be developed and maintained throughout the life of the project.

Risks that might impact on development at a project level will vary from project to project but could include:

- Challenges with obtaining planning approval
- Change in demand for affordable housing in the development area
- Lack of contractors interested in tendering for the project or tenders over-budget
- Contractor administration or poor performance of contractor
- Unforeseen site condition issues

Any significant change in risk level of a project will be reported to Board.

8. Strategy Implementation

This Strategy sets out the proposed approach to restarting and delivering Langstane's development activities.

As Langstane has not developed new homes for a number of years the majority of actions in the first two years of this strategy will centre around preparatory work in advance of developments starting on site in 2027/28, to ensure our systems / procedures and documentation are up to date and employee resources are in place and have the relevant skills.

The action plan overleaf sets out the key tasks to be undertaken in order to ensure this strategy can be implemented successfully.

Strategy action plan

Action	Target date	Lead officer	Outputs
Objective 1 – we will ensure our development programme delivers the right homes in the right places			
Review and update design specifications and space standards	May 2026	Director of Property	Final design specification and space standards To be regularly reviewed and updated
Rent affordability review	October 2026	Director of Housing	Review Langstane rents against Scottish Government benchmark rents and document reasons for difference. Consider whether rent matrix requires a wider review.
Begin delivery of development projects on site	2027/28 onwards	Investment & Sustainability Manager	Deliver 100 homes from 2027/28 to 2030/31 and 150 homes in the following five years
Objective 2 – we will ensure we have the capacity to deliver our development plans			
Implement necessary recruitment and training plans for delivery team	2025/26 – recruitment of Investment & Sustainability Manager 2026/27 – recruitment of Project Officer & Sustainability Officer	Director of Property	Skilled in-house delivery team with ability to manage projects across development, net zero and planned maintenance / component replacements
Review and update project management software / procedures	March 2026	Director of Property	Existing procedures / templates / software updated as required

Action	Target date	Lead officer	Outputs
Secure private funding (including completion of loan ready project)	December 2026	Leadership Team	£20m development funding in place
With Finance, agree most appropriate delivery timeline and review regularly	September 2025	Director of Property / Director of Finance	Development costs built into long term business plan projections and most appropriate delivery timeline agreed – regular reviews as opportunities are identified
Rationalise land bank	December 2026	Director of Property	Surplus land-bank disposals completed
Develop pipeline of future projects	Ongoing	Director of Property	Identified pipeline of projects in place
Objective 3 – we will ensure that our development activities are robustly governed			
Review project viability assessment criteria to ensure they align with current business planning assumptions	August 2025 and ongoing	Director of Property	All viability assumptions reviewed for accuracy Viability software reviewed and updated
Review project management software and templates to ensure they are up to date	April 2026	Director of Property	Project management software updated and ready for use on all major projects
Development activity added to strategic risk register	September 2025	Director of Property	Development risks (at programme level) identified and mitigation action plan in place Level of risk understood and identified on strategic risk register
Scotland Excel CIPP assessment	April 2026	Director of Property / Director of Finance	Scotland Excel CIPP completed and action plan in place for any recommendations

Appendix 1 - Existing properties by settlement

The table below shows towns / cities where Langstane owns property, and the number and type of property. Aberdeenshire is the only Local Authority that publishes priority locations for their SHIP – these are identified in the last column of the table from 1 (Highest priority) to 25. The full list of pressured settlements is shown at Appendix 2

Local Authority Area	Town / city	Flat	House	Other	Total	Priority area for Aberdeenshire?
Aberdeen	Aberdeen	1465	30	3	1498	
Aberdeenshire	Aberchirder	5	1	0	6	
	Aboyne	12	2	0	14	23
	Alford	12	0	0	12	17
	Balmedie	32	0	0	32	16
	Banff	47	13	0	60	11
	Ellon	12	26	7	45	8
	Fraserburgh	27	58	0	85	5
	Huntly	15	0	0	15	9
	Inverbervie	14	0	0	14	
	Inverurie	90	25	0	115	1
	Kemnay	20	2	0	22	12
	Kintore	21	0	0	21	18
	Laurencekirk	16	17	0	33	14
	Macduff	36	14	0	50	22
	Peterhead	181	29	0	210	3
	Port Elphinstone	17	9	0	26	
	Portsoy	21	0	0	21	
	Stonehaven	61	33	0	94	2
	Turriff	17	0	0	17	10
Westhill	0	3	0	3	6	
Moray	Buckie	63	41	0	104	
	Burghead	0	7	0	7	
	Elgin	168	29	0	197	
	Findhorn	0	20	0	20	
	Fochabers	12	26	0	38	
	Forres	38	29	0	67	
	Keith	13	25	0	38	
	Lhanbryde	6	0	0	6	
	Lossiemouth	18	4	0	22	
	Rothies	0	2	0	2	
	Tomintoul	6	6	0	12	

Appendix 2 – Aberdeenshire top 25 pressured settlements

The table below shows the top 25 pressured settlements in Aberdeen for affordable housing (taken from Aberdeen SHIP 2025-2030). Langstane currently has affordable housing provision in the settlements highlighted in green, and has potential to deliver via it's landbank in settlements highlighted in yellow

Priority	Town	Langstane presence
1	Inverurie	Yes
2	Stonehaven	Yes
3	Peterhead	Yes – fluctuating demand for smaller property types
4	Portlethen	Proposed – land bank
5	Fraserburgh	Yes
6	Westhill	Yes – only 3 properties
7	Banchory	No
8	Ellon	Yes
9	Huntly	Yes
10	Turriff	Yes
11	Banff	Yes
12	Kemnay	Yes
13	Mintlaw	No
14	Laurencekirk	Yes
15	Newmachar	No
16	Balmedie	Yes
17	Alford	Yes
18	Kintore	Yes
19	Ballater	No
20	Oldmeldrum	No
21	Newtonhill	No
22	Macduff	Yes – fluctuating demand for property – proposal to dispose of landbank
23	Aboyne	Yes
24	Drumoak	No
25	Blackburn	No

Appendix 3 – Langstane waiting list applications by settlement

Area	Town / city	No of applications
Aberdeen	Aberdeen	1091
Moray	Elgin	640
Aberdeenshire HMA	Inverurie	404
Aberdeenshire HMA	Westhill	380
Aberdeenshire HMA	Stonehaven	305
Aberdeenshire HMA	Kintore	258
Aberdeenshire HMA	Ellon	245
Aberdeenshire HMA	Balmedie	241
Moray	Forres	191
Aberdeenshire HMA	Port Elphinstone	189
Aberdeenshire HMA	Kemnay	183
Moray	Lossiemouth	161
Moray	Buckie	140
Moray	Fochabers	132
Aberdeenshire	Peterhead	117
Aberdeenshire	Fraserburgh	112
Moray	Findhorn	111
Aberdeenshire	Banff	110
Aberdeenshire	Turriff	105
Moray	Lhanbryde	104
Aberdeenshire	Macduff	104
Aberdeenshire	Inverbervie	103
Moray	Burghead	102
Aberdeenshire	Laurencekirk	93
Moray	Keith	92
Aberdeenshire	Alford	84
Aberdeenshire	Huntly	83
Aberdeenshire	Portsoy	73
Aberdeenshire	Aboyne	68
Moray	Roths	57
Aberdeenshire	Aberchirder	45
Moray	Tomintoul	33

 Prioritised locations for developing

Appendix 4 – space standards

Persons	FLAT			HOUSE Single storey			HOUSE 2 storey – semi / end terrace			HOUSE 2 storey – mid terrace		
	Gross internal floor area (m ²)											
	LHA	NDSS	ACC*	LHA	NDSS	ACC*	LHA	NDSS	ACC*	LHA	NDSS	ACC*
1 person	32.5	39		33	39		33	39		33	39	
2 person	47.5	50	52	48.5	50	52	48.5	58	52	48.5	58	52
3 person	60	61		61	61		61	70		61	70	
4 person	73.5	70	66	71.5	70	66	76.5	79	66	79	79	66
5 person	82.5	86	91	80	86	91	86.5	93	91	89.5	93	91
6 person	89.5	95	100	88.5	95	100	96.5	102	100	97	102	100
7 person		108			108		114.5	115		114.5	115	

*Aberdeen City Council space standards are based on bedroom number and there is no distinction made between flats and houses or number of storeys.

Appendix 5 – current grant levels (from December 2024)

The amount stated below are based on a 3 person equivalent and will vary dependent on property size

Geography	Amount per home – social rent	Amount per home – mid market
City and urban centre	£95,741	£65,669
Other rural	£101,878	£69,351
West Highland, Island authorities and remote/rural Argyll	£117,222	£71,806

Additional quality benchmarks (also based on 3 person equivalent)

Quality benchmark	Amount per home
Energy for space heating For homes delivered to Section 7, Silver Level of the 2019 Building Regulations	£2,455
Energy performance, ventilation and assessment of overheating risk For homes delivered to the updated provisions for energy performance, ventilation and assessment of overheating risk introduced through building regulations in February 2023	£4,560
Provision of balconies within flatted developments Provision of balconies that allow people to sit outside, where the provision of communal or private outside space cannot otherwise be accommodated	£4,910
Provision of space for home working or study This does not apply to projects meeting current Housing for Varying Needs standards – provision of space for home working or study in 3+people properties is already a requirement, In all other circumstances grant applicants should demonstrate that additional space is necessary to deliver this measure	£4,297
Digitally-enabling To allow a tenant, from the point of receiving their keys, to arrange an internet connection to 'go-live' without the need for additional cabling	£369
Ducting infrastructure for EV charging point connectors	£614
EV charging points This benchmark excludes the ducting infrastructure and takes account of building standard 7.2 which took effect from 5 June 2023	£614
Automatic fire suppression systems	£3,682
Zero direct emission heating systems	£4,910

Appendix 6 – grant rent benchmarks compared with Langstane rents (2024/25) (annual rents)

Property size	Scottish Government rent benchmark	Langstane rent – Aberdeen City	Langstane rent – Aberdeen Hinterland	Langstane rent – Urban centres	Langstane rent - Rural
2 person	£4,416	£5,377 (based on 2p/2apt flat)	£4,973 (based on 2p/2apt flat)	£4,698.36 (based on 2p/2apt flat)	£4,423.56 (based on 2p/2apt flat)
3 person	£4,945	£5,827.56 (based on 3p/3apt flat)	£5,247.72 (based on 3p/3apt flat)	£4,957.80 (based on 3p/3apt flat)	£4,667.76 (based on 3p/3apt flat)
4 person	£5,391	£6,234.48 (based on 4p/3apt house)	£5,614.08 (based on 4p/3apt house)	£5,303.52 (based on 4p/3apt house)	£4,993.20 (based on 4p/3apt house)
5 person	£5,712	£6,906 (based on 5p/4apt house)	£6,216.24 (based on 5p/4apt house)	£5,861.04 (based on 5p/4apt house)	£5,531.28 (based on 5p/4apt house)
6 person	£5,934	£7,475.64 (based on 6p/4apt house)	£6,728.16 (based on 6p/4apt house)	£6,358.68 (based on 6p/4apt house)	£5,986.32 (based on 6p/4apt house)
7 person	£6,429	£7,785.96 (based on 7p/5apt house)	£7,007.28 (based on 7p/5apt house)	£6,622.44 (based on 7p/5apt house)	£6,228.72 (based on 7p/5apt house)

Langstane rents assume a standard house type and do not include any uplift for high energy-efficiency rating (currently applied at additional 5%)

Where RSL rents exceed the Scottish Government rent benchmark by more than 5%, justification is required for the difference. Langstane rents that are within the 5% tolerance are marked in green – other rents fall outwith the tolerance and will require justification.