



thirteen

Managing and building homes

Development Strategy 2023 - 2028

A strategic framework for how we will drive housing delivery to create fantastic homes and great places to live.

Introduction

This strategy demonstrates a fantastic collaboration between our board, colleagues and customers. It sets out a framework for how we will drive housing delivery. Ultimately, we will create fantastic homes and great places to live, balanced against the demands of existing homes and customers.

We are an ambitious, registered housing provider. We recognise the sector's challenging external environment and financial pressures. This strategy acknowledges our ambition to build as many new homes as possible. Although we know this may change in the medium term as the external environment changes. At a minimum, we will deliver our Homes England Affordable Housing Strategic Partnerships and Section 106 programme and aspire to increase this where possible.

We welcome the publication of the Homes England strategic plan. Seeing our ambitions and priorities align with its quality, regeneration, specialist housing, sustainability, and social value is reassuring.

Our strategy contributes to the delivery of our strategic plan. Our vision is to provide fantastic, safe, quality homes and services to the best environmental standards that matter to our customers. It delivers against all four of our priorities.

It sets the framework for why, where, what and how we will build and reflects our nine overarching principles for development.



Our priorities:

- **Great customer experience**
- **Quality places to live**
- **Being Team Thirteen**
- **Net zero and reducing environmental impacts**

Targets

By April 2028, we aim to have:

- **Met the KPIs in our strategic plan**
- **Improved our customer satisfaction scores and used this knowledge to enhance the quality and range of our homes**
- **Reduced reported defects from customers**
- **Continued to expand our development activity and presence across Tees Valley and our new strategic growth hubs**
- **Identified and secured a strategic land portfolio**
- **Increased the number of new homes that are accessible and adaptable**
- **Maintained our market profile as a registered provider and a development partner of choice**
- **Improved the carbon footprint of our homes**



External environment

As a housing sector, we are under unprecedented scrutiny, especially following the tragic events at Grenfell and the death of two-year-old Awaab Ishak from damp and mould. We are seeing continuous updates to requirements around building safety for both new and existing homes. The Social Housing Regulation Bill also emphasises the importance of the tenant voice and the quality of our homes and services.

External environmental impacts on our approach to new developments have been turbulent recently. Brexit continues to affect the supply chain and prices of goods, food and energy. Inflation has been high for over a year and is still over 8%. Interest rates have increased to 5% and are expected to remain above 3% for the next few years. The cost of developing new homes has increased by around 40%. Additionally, many households are struggling with the cost of living, borrowing, and mortgage availability.

House price projections vary, with some forecasters estimating falls of 8.5% in 2023. However, prices are expected to pick up slowly from 2024 onwards. While sale and rental prices in the North East and Yorkshire are recognised as being relatively affordable, many still struggle to afford a deposit or access to rented accommodation.

People are also living for longer. Health inequalities and deprivation lead to more people needing support in their homes at much earlier stages. Research shows that 20% of over-65s report falling each year, plus rates of dementia range from 6% in the 75 to 79 age group. Between the ages of 85 and 89, this rises sharply to 15 to 20%.

The Decent Homes Standard will drive our investment in existing stock, and the Future Homes Standard will bring new standards and energy efficiency requirements in new homes when introduced in 2025.





The government's Levelling Up agenda is also changing approaches to placemaking and planning policy, and the new Infrastructure Levy will likely impact how we deliver new affordable homes.

Other areas are changing at a significant pace. Several pieces of legislation include targets around environmental standards and carbon neutrality. A key policy area impacting new development is biodiversity and ensuring that we put back more than we remove when developing. Nutrient neutrality is a concern, particularly in the Teesside area, and is likely to restrict new development until a solution is found.

Modern Methods of Construction (MMC) continue to develop. These dramatically improve the efficiency of developments and new homes. However, the MMC market is still new, and its supply chain is emerging. We, therefore, need to ensure that our ongoing asset management responsibilities can be satisfied with this product.

Technological advancements are happening quickly, too. Artificial intelligence is changing how we operate as a society and bringing numerous opportunities as well as risks. Technology around the Internet of Things increasingly connects physical devices and uses data and insight to improve consumer experience and services.

What our customers tell us

We are committed to building homes our customers need and aspire to. To do this, we have worked closely with our involved customers and consulted with residents through a social media survey. We asked them how important certain features were and what potential future and existing customers might want from a new home.

This feedback has given us rich, qualitative data across various age groups and family types. It will be invaluable as we continue to develop our Thirteen Standard for new and existing homes.

We also want to better understand our black, asian and minority ethnic (BAME) customers' needs, and we are working with a specialist BAME housing provider

to identify the preferred design features and housing typologies. We have also worked with 'BAME In Property' to explore some of the diverse communities we work with and their needs and aspirations.

We know we have more work to do to continue building the homes that all our customers need and aspire to. As we develop our Equality, Diversity and Inclusion Strategy, we will also look at the housing requirements of other needs groups based on local data and demands. Through this strategy, we are committed to ensuring customers are fully involved as we design new developments and our Thirteen Standard.



Feature	Average response
Location	8.58
Cost of fuel bills	8.38
Garden	8.30
Size	8.11
Storage space	8.03
Environmental sustainability	7.35
Proximity to shops and amenities	7.08
Closeness to open space	6.61

Principles for development



We have considered the challenging external environments as well as our customer's needs and identified nine principles for development. These will set the standard and approach for colleagues, partners, and the board.

1. We will build new homes and communities to meet modern single and family life needs and aspirations.
2. We will develop a Thirteen Standard for our new and existing homes that outlines our requirements for excellent quality, design, NDSS, sustainability, and compliance.
3. We will ensure customers in our new homes can access our full-service offer. To do this, we will develop a series of growth hubs.
4. We will understand the longer term financial contribution of building new homes to our financial plan, helping us invest in and decarbonise our existing homes.
5. We will continue to deliver housing-led regeneration, while balancing the number of regeneration schemes we provide simultaneously.
6. We will create more social value opportunities that benefit the communities we serve.
7. We will actively pursue strategic land opportunities and build a long term pipeline of sites.
8. We will provide specialist and supported housing and produce a bespoke Thirteen Plus Strategy to provide the framework for this broad and vital housing need.
9. We are committed to fairness and equality for all regardless of colour, race, ethnicity, nationality, gender, sexual orientation, marital status, disability, age, religion or belief. We aim to ensure that this strategy does not create an unfair disadvantage for anyone, directly or indirectly. To avoid doubt, this includes our contractors and subcontractors.

Why we are building

Thirteen is a charitable housing association that provides housing and support services across the North East and Yorkshire. We are here for anyone needing a home and a helping hand. We want our customers to live in inspiring places they are proud to call home.

There is a national housing crisis where poor-quality housing and homelessness can profoundly impact the quality of life. Delivering new affordable homes enables us to address the housing needs of our local authority partners around supply, affordability, condition, and specialist housing.

We recognise our pivotal role in owning and managing one in ten homes throughout the Tees Valley. We own one in six homes within our core areas of Stockton, Middlesbrough and Hartlepool. Hence, the responsibility to build an ongoing new supply of good quality homes.

These will provide stability and security to some of the most vulnerable people in society, which is one of our most crucial duties as a housing association.

We share the ambition of Homes England to build fantastic, affordable homes and create great places to tackle the housing shortage and unsuitability of existing houses.

We are also conscious that Right to Buy and Right to Acquire transactions could reduce our stock by around 200 each year, so we need to build this amount to stand still in terms of our affordable homes provision. Building new homes on the proviso that schemes are viable and meet our appraisal criteria is a longer term financial benefit. The net surplus generated will be invested to fulfil our aspiration to ensure our older homes are the same quality as the new ones. Crucially, these surpluses will significantly contribute to the cost of decarbonising all our homes by 2050.



Our Tees Valley base and North of England operating area mean we provide homes in some of the most deprived communities in the country with large numbers of ageing housing stock. Housing-led regeneration through the development of new homes is a catalyst for economic and social regeneration. We are investing over £120 million in large-scale regeneration schemes at Gresham, Grove Hill, and high-rise clearance. As a large anchor institution, we are committed to playing our part in Levelling Up. This aligns with Homes England's Strategic Plan and its promotion of the term regeneration again. Removing the restriction around 'additionality' will allow us to consider ambitious, comprehensive regeneration options for some of our existing homes and estates, especially where significant investment is required for decarbonisation.

Building new homes creates significant social value. We will ensure our customers and communities directly benefit by targeting the social value and ESG generated from our investment in new housing to support our Community Resilience Strategy and Locality Plans.



Where we will build

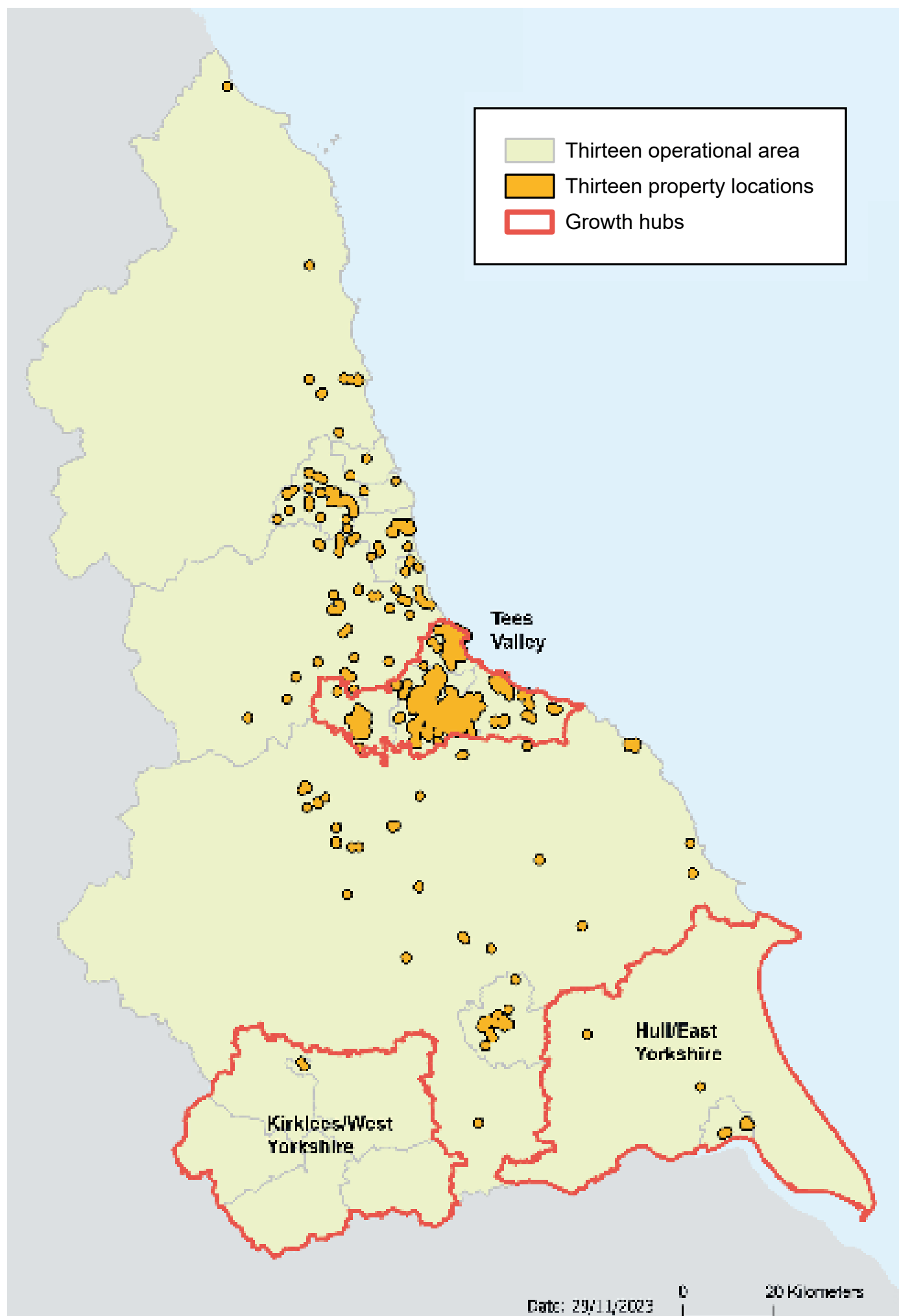
Our 35,000 homes are throughout the North East and Yorkshire. This strategy is underpinned by our 'good growth' approach. We are targeting new developments, so we will create hubs of at least 1,500 homes outside of the Tees Valley. It means our customers get the same experience and level of wrap-around services regardless of where they live. We will always build new homes and deliver housing-led regeneration in the Tees Valley, but we already have over 3,000 homes in other areas.

Development is often based on where opportunities arise and, fundamentally, where local authority partners share our values, ambitions, and a can-do approach. Our current growth hubs are Kirklees and Hull/East Yorkshire. We recently acquired seven hundred new homes in Hull from another registered provider, so we have a newly established customer base there. In

Kirklees, we successfully secured five development sites through the council's Registered Provider Cluster Programme, so we have an established pipeline for over 250 new homes.

While working towards our target pipeline of a minimum of 1,500 new homes in each of these areas, which we anticipate will take between 12 and 18 months, we will continue to invest and maintain partnerships in other places as we identify where our next growth hubs should be. We remain open to the right locations that help deliver our key development principles and are committed to continuing to provide our existing pipeline of new build schemes in other areas.





What we will build

Tenure and type

Our Homes England Strategic Partnership sets targets around affordable rent, social rent, shared ownership, MMC, supported housing and rural homes.

Tenure	Wave 2	Wave 1	Section 106	Total
Affordable rent	764	499	192	1,455
Supported housing	120	35	0	155
Shared ownership	452	195	51	698
Social rent	295	0	0	295
Overall	1631	729	243	2,603
MMC	377	0	0	377
Rural	75	0	0	75
Brownfield	1449	729	72	2,250
Greenfield	100	0	171	271
Stock	82	273	0	355

Our standard approach to schemes will be to provide a mix of affordable rent and shared ownership to help meet housing need. This will be a mix of general need houses and bungalows for families, single households and older people.

Shared ownership continues to be a popular product, and the challenging economic circumstances do not appear to have changed this. However, in some areas, the cost to build has been more than the end sale price, so we cannot provide shared ownership homes in these circumstances.

We are mindful that the new shared ownership regime, which allows a 10% first tranche sale, may increase demand for this product. We will closely monitor this, especially in light of the risks around rising interest rates and the impact that this may have on customers.

We know that affordable rent at 80% of market rent is still sometimes unaffordable, so we are committed to fulfilling Homes England's objective to increase the supply of social rent.

Category 1:

Visitable dwellings

Category 2:

Accessible and adaptable dwellings

Category 3:

Wheelchair user dwellings

Our bespoke house types include a range of accessible homes. We will have a tailored approach for each development to determine the number and category of accessible homes we should provide. We are committed to delivering future-proof homes to allow our customers to stay in them through the various stages of their lives.

We are currently building around 30% of our homes on live developments to level 2 accessible and adaptable standards under building regulations part M. We will look to increase this proportion throughout this strategy.

We will build homes for customers needing more support and specialist housing. This ties in with Homes England's commitment to deliver homes suitable for people with additional needs and vulnerable members of society. We will continue to work with local commissioners and other partner organisations to identify how we can deliver sustainable, supported housing that meets local needs. Such as secure housing for those fleeing domestic abuse, facing homelessness or customers with learning disabilities.

Our emerging Thirteen Plus Strategy will set out our ambitions for supported housing to complement this strategy. We will look to improve our data around the underoccupancy of family homes and the feasibility of a 'rightsizing' initiative to match older single people in large family homes to bespoke older person accommodations such as new bungalows and apartments.

We understand the need for affordable housing in rural areas and the impact that a small development can have on local people in housing need. Therefore, we will continue working with local authorities and parish council partners to address rural housing needs.



What we will build

Thirteen Standard

We are developing a Thirteen property standard which will set the bar for excellent quality, design, space, sustainability and compliance for our new build and existing homes.

Our preference will be to use our own Thirteen Standard house types. However, there will be times when we use the house types of our partners, such as S106 programme homes. Although these will differ, we will ensure these are still high-quality homes for our customers.

We will constantly review the Thirteen Standard to ensure it considers all relevant best practices and customer feedback through new homes surveys.

We conduct these once customers have settled into their new homes. We ask questions covering the sales and allocations process and their property's design, layout and build quality. This helps us gauge the overall level of customer satisfaction and improves our products and services moving forward.

We also incorporate feedback from internal teams, particularly assets and repairs, to ensure the specifications align with our planned and responsive maintenance activities. Minimal reported defects from customers will be a crucial objective.



Design principles

We will assess our schemes against the Building for a Healthy Life Standards, National Planning Policy Framework and the National Design Guide. These provide a sound, objective base for assessing quality throughout the design process. We also use the National Housing Federation's Housing Standards Handbook as a good practice guide for house type and estate layout design.

Proximity to local amenities and infrastructure is essential, and we will consider this as part of our early feasibility assessment for new opportunities.

Our standard house has been developed as a base range of working plans which can be 'dressed' to suit different contexts. This approach allows our architects to concentrate on creating great-looking buildings set in attractive, efficient layouts. The range of house types will evolve to suit changing regulations and customer group needs.

We will use our bespoke house types as our standard approach, which are 100% Nationally Defined Space Standard (NDSS) compliant. We know that the timing of our involvement with a scheme and the type of deal sometimes means a small number of homes acquired from our partners could be slightly less than this. However, we will still provide great homes for our customers as part of the wider development programme. Our commitment is that whilst our target will always be for all our new homes to be 100%, we will allow a slight tolerance of homes at 95% to 99% NDSS providing this is no more than 10% of the overall programme.

Our developments will be environmentally responsible as we work towards carbon neutrality. We will build to anticipated Future Homes Standards and biodiversity requirements whilst protecting our customers from fuel poverty as we transfer to electric heating. All new homes built will have an EPC rating of B or above. We aspire to future-proof new stock by building to an A rating wherever possible.

Our homes will fully comply with all current statutory requirements, including fire regulations.

Our standard approach will be not to build apartments over three storeys. This is because communal space and facilities can make viability challenging and expensive for customers due to service charges. We will carefully consider the design of communal and external areas that may require heating, lighting or general maintenance to ensure that service charges for residents are kept to a minimum. However, we are mindful that many of our locations have low demand for general-need apartments.

We share our local authority partners and Homes England ambitions to level up our struggling town and city centres, and we may consider developments a bit higher than three storeys as part of a comprehensive town or city regeneration partnership or specialist scheme. We will not build high-rise blocks.

We will build at least 25% of our new homes as MMC as part of the Homes England Affordable Homes Programme. Our bespoke Thirteen house types can be timber framed, which meets the national category 2 MMC.



How we will build

Partnerships

We will develop long term strategic partnerships with local authorities, combined authorities and developers who share our values, can-do approach, and commitment to providing fantastic homes and great places for our customers.

We will deliver land-led, package deals, bulk purchases and S106 agreements. Furthermore, we will target developments that provide a better long term financial return.

We will focus on having a pipeline and actively pursue strategic land opportunities. This will enable us to be more selective about the opportunities we take forward for our customers rather than being driven by performance targets and delivery timescales.

We will not deliver market sale developments directly. We will partner, where relevant, in longer term delivery models, for example, joint ventures, which could include a small element of outright sale. In these cases, we expect our partner to bring outright sales capability.

We will work with SMEs on small schemes to support the Homes England objective to support this sector.

Financial capacity, value for money and appraisal

Our growth will be proportionate and underpinned by strong financial planning to ensure our approaches are pragmatic. We will aim to maximise the output of new affordable homes whilst maintaining financial strength and stability. We will always ensure available funds that comfortably match all our forward contractual commitments.

Each scheme is appraised using the industry standard Proval system to assess value for money and financial viability. It provides a discounted cash flow model that produces a net present value assessed against agreed hurdle rates. Given the rapidly changing external environment (such as inflation, interest rates and rent caps), these parameters will be reviewed and benchmarked at least annually, considering the robust stress testing scenarios.





Performance monitoring, risk management and governance

We will provide monthly reports to the Corporate Development Performance Group and quarterly reports to the Development and Investment Committee and Thirteen Board on performance and risk.

We will continuously monitor the financial strength of our contracting partners and have contractor risk controls to limit and mitigate contractor exposure.

Robust programme management is provided by our dedicated internal programme and partnerships team. This team ensures that the programme is monitored closely and delivers against our KPIs to retain green audit status from Homes England.

Our chief executive will approve schemes below £2 million gross costs, with larger schemes requiring full board approval.

All new development schemes will require detailed risk assessments as part of a robust decision-making process to identify and mitigate all known and unknown risks. The Development and Investment Committee will review the development risk registers.

Moving forward

This strategy commits us to build fantastic homes in places where people want to live.

We will continue to work with local authorities, local people, Homes England and development partners to address housing need across the North of England. As a Homes England Strategic Partner, our role will be key to helping our communities, towns, and cities recover

after many years of slow decline in some cases. We will always provide homes in areas where they are most needed.

This is a big ask, but with talented people and a clear idea of what good looks like, we are well-placed to achieve our goals.



Get in touch

If you would like to talk to us about anything you've read in this strategy, please contact:

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