



# DEVELOPMENT AND REGENERATION STRATEGY

2024-2027



# Executive Summary

## Introduction

This Strategy sets out the aspirations for CGAs' development activity during 2024 - 2027 and builds on our previous strategy which covered our last corporate plan of 2019 – 2024.

The successful delivery of the previous strategy saw a positive expansion of CGA's development activities with considerable success in meeting the strategies' objectives and targets. In particular, it delivered on the aspiration to deliver greater choice for customers in terms of property type and location, with 499 homes delivered against the Strategy target of 600. This included our first extra care scheme (The Courtyards), our first new model of accommodation for older people (The Watermills), our first dedicated homeless accommodation scheme (The Spires), our first homes for shared ownership and a successful partnership with Preston City Council to bring back into use almost 40 empty homes throughout the city, along with a greater choice of family accommodation in new areas of the city and beyond.

During the delivery of that strategy, CGA undertook a successful refinancing exercise, creating capacity to develop 1,006 new homes between 2020 and 2027. Joining Together Housing Group's Strategic Partnership with Homes England, meant we were able to secure the grant required to deliver the balance of this programme from the Affordable Homes programme 2021 – 2026.

Our most recent Corporate Strategy includes an objective to increase the number of homes we own, year on year on a net basis, with an aspiration to achieve a total number of homes of c7,000 by 2030.

Our current funded development programme will, subject to stock losses over the next 3 years, see us exceed this target and most of the schemes in the programme are now confirmed, if not contractually committed.

Once greater certainty is available in relation to the rent settlement agreement and the next grant programme, we will review our financial capacity to continue to develop more homes to continue to provide a greater choice of good quality, affordable homes for our customers.

Our latest Corporate Plan also sets out our ambition to making a difference in our communities, and delivery of new homes, and the regeneration that this brings to an area is an important part of that however we are committed to doing more. During this strategy we will complete our largest regeneration initiative to date on the Savick estate including the provision of new homes, library and retail premises and commence work on a larger still initiative on the Grange estate.

The aims of this strategy are broadly consistent with the previous strategy's aims and key principles. We continue to aim to be the landlord of choice for all customers looking to rent a home in Preston and the surrounding areas and are clear that where possible our development activity is targeted to regenerate and improve the appearance and appeal of our neighbourhoods.

Despite our success in delivering new homes and an expansion of choice in recent years, there is still work to do to deliver a housing portfolio that meets the needs of our diverse communities. We have used the findings from our previous significant market research to understand the needs of our communities, not only now but also for the future, and this information, along with more recent information regarding current demand for social housing from those who are struggling to access homes in the private sector has been used to inform this strategy.

Our land-led approach, adopted successfully over the last 5 years, will continue to be our favoured approach to delivering our target numbers, as opportunities for section 106 properties of a suitable size and quality remain limited as do acquisitions from other landlords.

And we will continue to seek opportunities to regenerate our existing land and estates through new development to complement the dedicated regeneration plans set out in this strategy.

This strategy considers the factors that affect CGAs' ability to deliver our targets and establishes the objectives for the new developments. During the assessment and approval of each new scheme, consideration will be given to the way in which the scheme complies with this strategy and in particular to the key principles.

## Key Principles

- We will develop at least 500 new homes between 2024 and 2027.
- Our key priority areas for new developments will continue to be Inner Preston, Greater Preston and the Fylde Coast.
- Our priority will always be to provide homes within and immediately adjacent to Preston and these homes will be supported by subsidy where required. Homes outside of Greater Preston will not be subsidised from the business unless under exceptional circumstances.
- Our development will take account of economic and demographic research into current, and more importantly, future needs of customers in our priority areas and will be delivered alongside our Asset Management Strategy to ensure we result in a property portfolio which more closely matches these needs.
- This strategy will also work alongside our Asset Management Strategy and Community Investment Strategies to regenerate our neighbourhoods.

- The priority will continue to be the development of homes for social and affordable rent although homes for low cost home ownership, market rent and private sale will be pursued where they create the opportunity to provide additional financial capacity to develop homes for priority groups or where necessary to secure external grant.
- Whilst the majority of new homes will be for general needs rent, a number of homes will be developed for older residents along with specialist accommodation.
- All homes will be designed and built to an exceptionally high standard. The Nationally Described Space Standard will be used wherever possible and homes will be built to be environmentally sustainable.
- Where possible, the development programme will be used to benefit our Gateway in the Community initiative and support our Corporate Social Responsibility commitments, particularly in relation to employment and skills.

## The Story So Far...

Community Gateway Association (CGA) was established in November 2005 to take ownership of 6,500 homes transferred from Preston City Council. Since transfer CGA has invested over £166m in the transferred housing stock and transformed the services that it offers to its customers.

The organisation has grown significantly and now undertakes a much broader range of activities. Over recent years we have prioritised the development and acquisition of new homes to replace homes lost through Right to Buy and to re-balance our existing housing portfolio.

Since our first new development in 2012, CGA has developed 754 new homes for social and affordable rent with a further 88 homes for shared ownership and 461 homes acquired from other social landlords.

We are on site or committed to a further 185 homes. We have already invested over £103m in building new homes and along with a further £41.5m secured in grant funding, we have invested almost £145m in the provision of new homes with c.£95m planned over the next 5 years.

Reflecting the growth and the diversity of activities to date, CGA's corporate structure includes two independent companies which support our development activities within a formal group structure arrangement.

These are:

**CGA Homes** will carry out commercial activities on behalf of the group which are not permitted through CGA's charitable objectives.

**Patterdale Developments** has been established to support the efficient procurement of CGA's development programme.

# 2012-2024 DEVELOPMENTS

1303 HOMES  
BUILT OR  
ACQUIRED SINCE  
2012



CGA's First Shared  
Ownership Homes at  
Lightfoot Lane, Newton  
2023



The Bistro @ The  
Courtyards  
CGA's first Extra Care  
Scheme – opened  
Feb 2021

£145M INVESTED  
IN DEVELOPING  
NEW HOMES

754 NEW HOMES  
BUILT

Opening of The  
Spires – Supported  
Accommodation for  
single homeless adults  
- Opened 2022



The Watermills –  
CGA's First New Model  
of Older Persons  
Accommodation –  
Opened October 2023

461 HOMES  
BOUGHT FROM  
OTHER SOCIAL  
LANDLORDS

# The Context for the New Strategy

This Development and Regeneration Strategy has been produced within the context of a continuing national housing crisis. In the North-West, and our areas of operation, not only is there a shortage of good quality affordable housing but there are also particular challenges in terms of long-term empty homes and a large number of poor-quality older homes particularly in the private rented sector. Recent increases in private rent levels have also seen a surge in demand for social and affordable rented homes.

Along with demographic changes, population growth, austerity, and a desperate need for regeneration in some areas there is a clear need to provide more high-quality affordable homes.

CGA is committed to increasing the number of people that it is able to house and to become the landlord of choice for all who wish to rent a home in Preston and the surrounding areas.

## Government Policy

In recent years government policy has been focussed on home ownership although more recently, the government have made more grant available for the provision of social rents, recognising the need to address the housing crisis. With a general election due to be held imminently it remains to be seen what criteria will be applied to the next round of affordable homes grant funding.

A number of other government policies have impacted, and will continue to impact, on our development activity. Such policies include, but are not limited to, the Affordable Housing Grant Policy, Rent Policy and Planning Policies.

This strategy and our delivery plans will require continuous review to ensure they respond to the latest Government policies.

## Local, Regional and Organisational

We aim to continue to evolve our accommodation offer to provide a greater range of homes for people in the areas that people want to live.

We are also clear that where possible our development activity is targeted to improve the regeneration, appearance and appeal of our neighbourhoods and are committed to investing in our homes and neighbourhoods.

We recognise that we have a limited stock portfolio; our transferred stock was predominantly estate based with a prevalence of 1 bedroom flats and three bedroom houses. Our development activity over recent years has aimed to address this through the provision of more 2 bedroom homes in a wider variety of neighbourhoods.

Consultation with our customers through 'The Big Conversation' shows that customers continue to want us to develop new homes in a wider range of geographic locations. This

feedback, along with detailed demand analysis undertaken by CGA has been used to inform this strategy.

There are a also a number of local and regional considerations that will affect our ability to provide new homes including local authority planning policies and their Housing Strategies in the areas for which we will operate.



# 1. OUR AIMS

## 1.1 Our Growth Targets

Our latest Corporate Strategy sets out our ambition to increase the number of homes we own, year on year on a net basis, with an aspiration to achieve a total number of homes of c7000 by 2030.

Our Business Plan assumes that we will lose c60 homes a year through Right to Buy/Acquire and targeted demolition and remodelling. Should we deliver the current funded development programme of a further 579 homes by March 2027, we will achieve our ambition to own 7000 homes by this date.

## 1.2 Evolving Our Offer

The last strategy delivered great progress in beginning to address the recognised limitations in our transferred general needs and older persons housing portfolio, which was limited both in terms of the types of properties we own and the estate-based location of our stock. Building on previous work, we expanded the number of 2-bedroom homes we are able to offer and provided a greater range of homes in areas where we previously held no stock.

Working in conjunction with our Older Persons Plan, we also delivered on our ambition to improve demand for our sheltered and supported homes and provide greater choice, through the delivery of our first extra care scheme and our first new model of older persons' accommodation, provided greater choice for our older customers. This allowed us to de-commission 2 of our older sheltered housing schemes which were no longer meeting the needs of our customers, with one re-purposed into much needed accommodation for single homeless adults.

Our aim for this new strategy is to build upon this and further expand the types of home and the location of these homes to provide homes of a type, and in locations, that meet the needs of more diverse customers, both now and in the future.

### Location

CGA has established the following Areas of Operation:

Inner Preston – Preston City Council boundary

Greater Preston – Areas immediately adjacent to Inner Preston

Blackpool, Wyre and Fylde – Areas no more than 30-40 mins driving from Head Office

## Tenures

Social and affordable rented housing will continue to be our priority for new developments. As we aim to be the landlord of choice for all who are unable to access good-quality homes on the open market, we will also consider other tenures where it helps to create socially and economically balanced communities or where it assists the viability of a scheme.

The types of tenure that we develop will be prioritised as follows:

Priority 1 – Affordable and Social Rent

Priority 2 – Low Cost Home Ownership

Priority 3 – Market Rent

We will also develop homes for market sale. These homes will only be developed to generate surplus that can be used to subsidise the development of homes for affordable rent. By developing homes for market sale, we are able to deliver more homes for affordable rent than would otherwise be possible. Market sale home numbers are not included in our growth target.

## Types of home

For each tenure a range of house types will be provided, so that we can respond to the needs of all groups in the communities in which we work. For each development, the house types will be determined by the surrounding neighbourhood, the tenure and the target client group.

### **Social and Affordable Rent - General Needs**

- In developments within or adjacent to our existing estates, the focus will continue to be on family accommodation, with a range of 2, 3 and 4 bedroom houses, with a greater focus on larger family homes to reflect current demand.
- In new locations, where there is little existing affordable housing, a range of house-types will be provided for rent to suit a variety of household types in housing need.
- In recognition of the current demand for social housing and waiting list levels we will develop apartments but will carefully consider the location of these in relation to our existing apartment portfolio.

***Up to 274 homes are contained within our latest development programme for this type of housing.***

## Social and Affordable Rent – Older Persons Accommodation

A mixture of one and two bedroom apartments will be developed to meet the needs of our increasing ageing population and re-balance our existing sheltered housing portfolio.



Site layout for  
'The Sumners'  
Ribbleton, Preston

Total of 91 apartments  
including 57 homes for  
older people

Projected completion  
2027

***We aim to develop at least 99 of this type of home within this strategy***

## Affordable Rent - Specialist Accommodation

CGA will work with our partners to provide accommodation for priority client groups as set out in our Corporate Strategy. This will be bespoke schemes such as homelessness or extra care accommodation, or individual homes for specific groups such as Refugees. As such, schemes will be designed to meet the needs of the specific client group and area.

Such developments are dependent upon the provision of care and support and will only proceed if funding is secured to provide this or support is being delivered by a partner agency.



CGA's second Extra Care  
Scheme – The Atrium

61 units.

Opening May 2024

***We have plans to develop 94 units of this type of accommodation within our latest development programme.***

### **Low Cost Home Ownership**

Developments which include properties for sale, whether outright sale or low cost homeownership, will be designed specifically for the area and target market.

The type of homes will be based on market research commissioned for the specific site but the majority of houses are likely to have three-bedrooms and the majority of flats will have two-bedrooms.



Avondale Drive,  
Lostock Hall

A total of 50 new  
homes including 26  
for shared ownership

Due to complete  
December 2024

***We have plans to develop 112 shared ownership properties in our latest development programme.***

## 1.3 Outstanding Design and Quality

### Space Standards

We will develop to Nationally Described Space Standards (NDSS) wherever possible and where we have control of the sites.

There will be a few occasions where this will be out of our control, where homes are developed through S106 agreements or via a package deal with a developer.

In such cases, CGA will not accept homes that are less than 85% of NDSS.

### Design Standards

We have developed a suite of standard house types which allow Lifetime Homes criteria to be met and which are fully NDSS compliant.

We have also developed a CGA Design Standard which sets out our design requirements and specification for all new homes.

At a minimum, all our new homes will:

- contribute positively to the neighbourhood.
- provide sufficient space and natural light and a convenient layout that allows residents to enjoy living in their home.
- be efficient to heat and light; and
- be efficient to maintain.

On large sites, and where there is an opportunity, we will consider the design of the wider neighbourhood in addition to the houses themselves. This will consider urban design, landscaping and place-making which is distinctive and reflective of local character.

### Environmental Sustainability

As part of our Corporate Social Responsibility commitment, we will aim to improve the environmental performance of our new homes.

All new homes will be built to at least EPC Level B and we will continue to trial and incorporate new technologies in our development projects to complement our fabric-first approach to reducing energy consumption.

## 1.4 Regenerating Neighbourhoods

We are clear that our development activity includes not only the development of new types of homes in new areas but is also a tool to allow us to rebalance our existing housing portfolio and regenerate our neighbourhoods.

We have previously generated savings through greater efficiencies elsewhere in the business to increase the amount of funding within the business plan to undertake regeneration activities.

Two large scale regeneration projects have been committed to during the life of this strategy; we aim to complete the regeneration of the Savick estate with the delivery of 12 new homes and a library in 2024, followed by completion of a further 13 homes on the site of the former Lea Methodist Church, due to complete in 2026.



Savick Phase 1

10 new homes on former  
Savick Pub Site

Completed 2018



Savick Phase 2

Demolition of shops and  
maisonettes to make way for  
12 new family homes and a  
new library

Due to complete 2024.

## Savick Phase 3 – Lea Church

As part of Savick regeneration 17 new homes to be built on site of former Lea Methodist Church

Due to complete 2026



In addition, in early 2024, CGA purchased the leasehold of 12 apartment blocks at Ribble Heights on the Grange estate as part of a longer term regeneration project for the estate. Much of the dedicated regeneration funding within our business plan will be used to buy back the leasehold properties over the next 5 – 10 years.



Indicative layout of what any potential regeneration of the Grange estate could look like with land at Ribble Heights

## 2. OUR APPROACH

### 2.1 Funding our plans

The development targets set out in this strategy will be funded from a combination of three sources:

- loan finance.
- grant; and
- surplus generated by the organisation.

#### Loan Finance

We have an existing loan facility of £175m. This level of finance is currently deemed sufficient to support the proposed programme to deliver the objectives within this Strategy.

We have adequate security to support this level of finance through our existing stock and will continue to use the development pipeline to provide additional asset cover against our debt. We will work in accordance of our Treasury Policy and Strategy to deliver the necessary financial support for this Development Strategy.

#### Grant Funding

As a delivery partner within the Together Housing Strategic Partnership with Homes England, we have secured sufficient grant to deliver the remainder of our existing programme.

Not all of our development schemes will be suitable for accessing from this grant programme however and we will therefore continue to use a range of vehicles to access grant where required, including through our on-going involvement with JV North, through Continuous Market Engagement with homes England or grant from local authorities to develop projects which deliver on their objectives.

#### Surplus

Some of our schemes require subsidy in order to make them financially viable. This subsidy is generated by the business through efficiencies in core operations and equates to a subsidy of £30k per home within the Development programme.

The plan does not assume any subsidy generated through the sales of homes for sale on the open market.



Under normal circumstances, any subsidy will only be used to fund the following types of development:

- Social and Affordable rented general needs, older persons, and specialist accommodation in Inner Preston (highest priority and level of subsidy)
- Social and Affordable rented general needs, older persons, and specialist accommodation in Greater Preston (lower priority and level of subsidy).

No subsidy will be used to fund any market rent, market sale or low-cost home ownership schemes in any area or any homes of any tenure Blackpool, Wyre and Fylde areas unless there are exceptional circumstances and approved by Board.

The subsidy budget will be applied across the development programme and the £30k per unit allowed within the business plan is an average cost per unit. The subsidy will be monitored and approved each time a scheme is given approval.

## **Viability**

Different parameters and criteria will be used for developments of different types and sizes, depending on their priority and their contribution to housing people in need. To ensure that each development offers good value for money and represents a wise use of CGA's resources, we will undertake viability assessments which will use the core assumptions that are factored into our business plan.

We will carry out an annual review of our assumptions to ensure they remain valid and will update our Treasury Strategy on an annual basis as the development programme is updated.

Financial appraisals of regeneration schemes will factor in the impact of rent loss from the business plan and a business case for regeneration proposals will be produced outlining the financial and practical benefits of undertaking the proposed works.

## **2.2 Delivery Methods**

### **Securing development opportunities**

CGA has a development programme and pipeline of opportunities which can comfortably deliver the 579 units which the business plan can support.

Of these 185 are due to complete in 2024/25 we have further firm approval from Board for a further 215 homes which will be completed between 2024 and 2027 and initial (outline approval) for the remainder. A further 200 homes have been identified for a future pipeline.

The new homes in this strategy will be principally delivered through:

- Development of sites that CGA already own.
- Purchase of homes from developers (package deals and Section 106).
- Sites purchased on the open market which CGA will develop alone or in partnership with a developer; and
- Homes purchased from the open market including purchase and repair schemes and empty homes.

### CGA Owned Sites

Although our larger sites have now been developed, we still have a number of smaller sites where it is possible that we can develop. In addition, we have already purchased a small number of sites on which we have plans and approval to develop. In total, these sites already in CGA ownership will contribute 215 homes towards the targets in this strategy.

We have a number of other sites where we have agreements with the landowner to purchase the sites subject to planning.

Occasionally, the opportunity will arise to purchase sites and properties that, for a number of reasons, cannot be developed immediately. In each case, the development opportunity could be lost if the site is not secured. CGA will consider each site independently and shall acquire the sites if the Board believes the case is sufficiently strong and if the funds are available.



\*Tabley Farm, Preston - Site purchased 2019

### CGA Development

A large proportion of new homes during the life of this strategy will be from developments where we have purchased the land and will organise separate works contracts. This enables us to have total control over the combination of tenures, the design and the delivery programme, allowing us to design the scheme to optimise financial viability and cashflow. This is particularly important on larger and sensitive sites, where we need to control the design and consider place-making as well as the homes themselves.

We have used this approach at Oakworth Avenue and we have purchased sites at Halfpenny Lane in Longridge, Tabley Lane in Preston and Lea Church in Savick that will be developed using this approach.

### Developer led – schemes

Schemes led by developers, where the developer provides the land and building works as a package, built to our requirements, is a useful source of good-quality new homes, particularly in new areas.

These schemes are efficient to manage and are often good value compared with buying the land and managing a separate works contract. They also offer opportunities to develop small sites that would not be economical for mainstream contractors.

We have successfully delivered a number of sites in this way, and they will continue to be an important source of new homes in the development programme.

### Joint Ventures and Partnerships

We will use joint venture arrangements and partnerships where it allows us to be involved in large or complicated developments that we would not be able to do alone. These might be developments that involve homes for sale, commercial property or are very large. In these arrangements, other parties will provide their capacity, funding and expertise, so that our risk is limited to a manageable level.

The most common use of this arrangement will be larger sites where there are homes for outright sale. Partnerships can be used to obtain funding to develop the homes for sale and take a share of the risk associated with the sales of new homes. This means we benefit from mixed-tenure developments and from a share in the proceeds of homes for sale, while limiting our risk and exposure to a manageable level.

### Homes Purchased on the Open Market

CGA will continue to seek opportunities to improve the appearance of our neighbourhoods and expand our offer of accommodation to a wider range of customers through the purchase of properties on the open market.

These could be properties that are within our existing communities and causing problems due to poor management; properties in areas of high demand where we

have no or limited homes or empty properties identified through Preston City Council as a priority for their Empty Homes Programme. A further 29 such homes are already identified within our development programme.

## **Types of Construction**

There has continued to be an increasing government and industry focus on the provision of modular homes. CGA will continue to investigate the potential options and benefits of such a delivery method and seek opportunities to develop plans to deliver some of our development programme in this way.

## **Procurement and Value for Money**

It is vital that we procure all aspects of the development programme carefully to ensure that we provide the best possible homes and achieve the best possible value.

Value for money, rather than the cheapest price, will be the objective and this principle will be adopted for the selection of contractors as well as consultants.

We will at all times follow the relevant procurement legislation and comply with CGA's standing orders.

We have established two companies, CGA Homes and Patterdale Developments, to ensure we procure and deliver developments in the most efficient and economical way. Patterdale Developments will be used to deliver the majority of developments. CGA Homes will be used when we fund new homes for sale, as it separates commercial activity from the charitable part of the group.

We will use frameworks, where necessary and appropriate, to secure the best contractor for a scheme but will also carry out our own tendering exercises where appropriate.

We will adopt a "Gateway first" approach to our development activity, where the skills exist, for our departments and staff to carry out development work and services. Initially, this is likely to involve:

- Gateway PropertyCare (GPC) to carry out works to purchase and repair and empty homes works.
- Utilising GPC to carry our additional works to S106 developments required to meet our design standards.
- Gateway GreenCare (GGC) to undertake landscaping work on developments; and
- using surveyors for survey, specification and contract administration work on relevant development projects.

## 2.3 Risk

The development of new homes involves several risks including:

- increased project costs following a commitment to a scheme.
- larger than expected interest costs incurred with sites awaiting planning or development.
- a downturn in the market leaving homes left unsold.
- failure to achieve sales prices or rental targets; and
- reduction in rental value compared with the appraisal stage.

Board will be advised of the risks associated with each scheme when approval is sought and the mitigating factors that have been put in place to minimise or manage the risks.

Board will receive a regular update report on the progress of the development strategy which will clearly show the number of schemes that are committed at any one time and schemes which have been approved but are not yet committed.

Board will also receive regular updates on any sales risk exposure.

At an operational level, the Development Steering Group, led by the Director of Customers and Communities in conjunction with the Director of Finance review all development activity on a monthly basis, including progress against programme, cash flow, commitments and any new opportunities.

We also focus on risk through a specific Officer-led Risk Review Group which meets regularly to consider the Corporate Risks and how these are being managed. Development risks are also considered through our Business Plan stress-testing to ensure we understand the impact of significant development risks and what mitigations we can employ to manage such a scenario.

## 2.4 Corporate Social Responsibility

Where possible, the development programme will be used to benefit our Gateway in the Community initiative, particularly in relation to employment and skills.

Our increased development programme, with a focus on the development of larger sites with a smaller number of developers, provides us with greater opportunities to increase the number of apprenticeship and employment opportunities for Preston residents and our tenants.

We will also use local suppliers and contractors where possible in addition to our in – house teams to support our commitment to the local economy. We will also encourage suppliers to use local subcontractors and, where possible, we will allow preference for this in the assessment of tender submissions.

We will ensure that all contractors follow the Considerate Contractors code of practice, positively engage with local communities, protect and enhance the environment, operate at the highest levels of safety and follow CGA’s safeguarding procedures.

community  
gateway