

Hexagon's Development Strategy 2017/21

Hexagon has a corporate objective to develop new homes and this strategy will allow us to achieve this objective in the most efficient and sustainable way.

Despite the pressure on grant levels and the contractual burden grant funding brings, we will continue to rely on grant from the GLA as this helps us to keep rent levels low and affordable, and reduces financial risk.



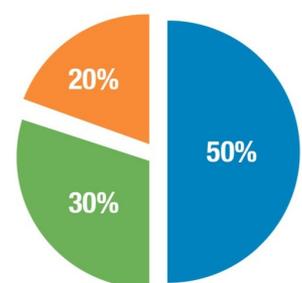
With grant levels at fixed rates, alongside 'fixed' rent levels we have to rely on a larger, outright sale programme to 'fund' an affordable rented housing programme. This will be delivered in a measured way, proportional to our business objectives and within an effective risk management framework.

Where do we want to be by March 2021?

- All outstanding 15/18 AHP schemes completed by October 2018 (194 homes)
- Homes for Londoners 2018/2021 – Bid(s) secured to deliver 242 homes.
- All shared ownership homes sold within 6 months of completion
- £11m facility for outright sale maximised, generating cross subsidy to support affordable rented homes. These homes will be exchanged before practical completion.
- 2014-18 (and future) Environmental Sustainability strategy targets achieved
- 2014 -18 (and future) VFM Targets achieved
- A clear approach to OJEU compliant procurement of contractors and consultants
- Acquired a number of sites in line with our land investment strategy
- Piloted a precision manufacture scheme
- Purchased the 20 street properties required for Brickfield Cottages and concluded the investigations, works and any legal action
- Expanded our S.106 portfolio to control risk and maximise VFM
- Increased resident satisfaction with the defects repairs service.

We will achieve the above objectives with the implementation of the following strategy:

- The size of the 2018/2021 newbuild homes programme over the three year period to March 2021 will be at least 303 homes. These homes will be delivered as **30% rented, 50% shared ownership and 20% outright sale**.
- We will secure grant to deliver 242 homes – 91 for rent and 151 for shared ownership. We will deliver these schemes to meet our commitments set out in our 18/21 contract with the GLA, by identifying all schemes, and entering into build contracts by March 2021.



- c. We will establish and maintain relationships with the GLA, and keep them informed of progress on all schemes.
- d. We will continue to nurture LA relationships and expand our contacts within their planning and legal teams. We will proactively seek to work with LAs more extensively. (E.g. Southwark sites tender, Greenwich right to buy receipts programme, Lewisham Housing Zone).
- e. We will deliver the 'existing' 15/18 AHP and MHC BTP schemes and new 18/21 schemes *in line with GLA targets* and overall subsidy parameters, in particular we will not breach the contribution from operating surpluses, set by the Board. We will remain within the capital at risk parameters set by the board for shared ownership, land investment and outright sale activity.
- f. We will decant the Brickfield Cottages estate assisted by the purchase of up to 20 street properties with the aid of grant from Greenwich. We will oversee the site wide ground investigations and any subsequent works. We will seek recovery of our losses by working with our legal advisors and insurers. We will settle residents back into their homes when it is safe to do so.
- g. We will ensure the Department's resources are adequate to deliver the balance of our development programmes, over the next 4 years, and will bring in additional resource if needed and affordable.
- h. We will sell new shared ownership homes within 6 months of completion and homes for outright sale will be exchanged before practical completion. We will ensure we have the appropriate resources to deliver the sales element of our programme.
- i. We will work with the Finance department to ensure cashflow information is accurate and updated monthly. We will also work with Finance to ensure sufficient security is in place to support our loan drawdowns.
- j. We will work with developers on package deals / s.106 to control risk, and will also consider partnerships with other RPs.
- k. Via **Horniman Housing Association**, we will develop a number of outright sale schemes by fully utilising the £11m available, to cross-subsidise our rented programme. These will be carefully targeted, and only in viable, suitable locations and meet the parameters set out in the Investment Policy, and within the Board's risk appetite expressed as capital at risk.



- l. We will ensure our design standards continue to deliver a good quality, affordable product (rent and shared ownership), and a marketable standard for our private homes, by keeping our project brief under review.
- m. We will integrate feedback from our client departments (Repairs and Stock investment) as well as residents into our future designs and specifications, by ensuring our project brief is regularly reviewed.
- n. We will continue to deliver our commitments set out in the Equalities and Diversity strategy, working closely with key partners to ensure extract social value from these relationships. Particularly through the delivery of apprenticeship opportunities.
- o. We will pro-actively explore opportunities to work with LAs on sites that they own where this activity can be adequately resourced and risk managed
- p. In pursuit of more control and better quality homes, we will actively procure sites directly with vendors and lead on planning applications in line with our land investment policy, seeking to utilise the £8.5m available, ensuring we deliver within a well-managed risk framework.
- q. On 'straightforward' sites that we control, we will explore alternative construction procurement methods such as construction management, ensuring risks are well understood.
- r. When a suitable site is identified we will carry out a detailed assessment to explore precision manufacture as a method of construction.
- s. On the assumption that EU contracting rules will apply during the life of this strategy, we will review the way we procure consultants and contractors, and establish a clear approach to utilising OJEU compliant Frameworks.
- t. We will improve our **resident satisfaction** with the defects service by 5%, to at least 78%. The defects service will be inspected by residents and we will work with them to identify improvements.
- u. We will work with the Board Innovation group to identify development opportunities on land that is in our ownership.

