



## Housing & Land Delivery Board

**Date:** Monday 15 July 2019

**Time:** 10.00 am **Public meeting** Yes

**Venue:** Room 109, 16, Summer Lane, Birmingham, B19 3SD

### Membership

Councillor Mike Bird (Chair)	Walsall Metropolitan Borough Council
Sarah Middleton	Black Country Local Enterprise Partnership
Councillor Sharon Thompson	Birmingham City Council
Councillor George Adamson	Cannock Chase District Council
Councillor Peter Bilson	City of Wolverhampton Council
Councillor Tariq Khan	Coventry City Council
Bill Blincoe	Coventry and Warwickshire LEP
Councillor Angus Lees	Dudley Metropolitan Borough Council
Marc Lidderth	Environment Agency
Simon Marks	Greater Birmingham and Solihull LEP
Karl Tupling	Homes England
Councillor David Humphreys	North Warwickshire Borough Council
Councillor Julie Jackson	Nuneaton & Bedworth Borough Council
Councillor Matthew Dormer	Redditch Borough Council
Councillor Sebastian Lowe	Rugby Borough Council
Councillor Paul Moore	Sandwell Metropolitan Borough Council
Councillor Nic Laurens	Shropshire Council
Councillor Ian Courts	Solihull Metropolitan Borough Council
Councillor Daren Pemberton	Stratford on Avon District Council
Councillor Jeremy Oates	Tamworth Borough Council
Councillor Peter Butlin	Warwickshire County Council
Kevin Rodgers	West Midlands Housing Association Partnership

Quorum for this meeting shall be at eight members.

If you have any queries about this meeting, please contact:

**Contact** Carl Craney Governance Services Officer  
**Telephone** 0121 214 7965  
**Email** Carl.Craney@wmca.org.uk

# AGENDA

No.	Item	Presenting	Pages
1.	Apologies for Absence (if any)	Chair	None
2.	Notification of Substitutes (if any)	Carl Craney	None
3.	Declarations of Interests (if any) Members are reminded of the need to declare any disclosable pecuniary interests they have in an item being discussed during the course of the meeting. In addition, the receipt of any gift or hospitality should be declared where the value of it was thought to have exceeded £25 (gifts) or £40 (hospitality).	Chair	None
4.	Minutes of last meeting [For approval]	Chair	1 - 4
<b>Business Items for Consideration</b>			
5.	Housing Affordability: Regional Definition	Gareth Bradford	5 - 16
6.	Housing and Land Portfolio: Quarterly Update	Gareth Bradford	17 - 30
7.	National Policy Issues and Items – Verbal Update	Gareth Bradford	None



**West Midlands  
Combined Authority**

## **Housing & Land Delivery Board**

**Wednesday 10 April 2019 at 10.00 am**

### **Minutes**

#### **Present**

Councillor Mike Bird (Chair)  
Sarah Middleton

Councillor Peter Bilson  
Bill Blincoe  
Marc Liddersh  
Councillor David Humphreys  
Councillor Robert Macey  
Councillor Ian Courts  
Councillor Daren Pemberton  
Gavin Ashford  
Councillor Peter Butlin  
Kevin Rodgers

Walsall Metropolitan Borough Council  
Black Country Local Enterprise  
Partnership  
City of Wolverhampton Council  
Coventry and Warwickshire LEP  
Environment Agency  
North Warwickshire Borough Council  
Shropshire Council  
Solihull Metropolitan Borough Council  
Stratford on Avon District Council  
Telford and Wrekin Council  
Warwickshire County Council  
West Midlands Housing Association  
Partnership

#### **In Attendance**

Simon Tranter  
Gareth Bradford  
Carl Craney  
Carl Pearson  
Patricia Willoughby

Walsall Metropolitan Borough Council  
West Midlands Combined Authority  
West Midlands Combined Authority  
West Midlands Combined Authority  
West Midlands Combined Authority

#### **Item Title No.**

#### **48. Apologies for Absence (if any)**

Apologies for absence had been received from Councillor Sharon Thompson (Birmingham City Council), Roy Stokes (Environment Agency), Karl Tupling (Homes England), Councillor Julie Jackson (Nuneaton and Bedworth Borough Council) and Councillor Richard Overton (Telford and Wrekin Council).

#### **49. Notification of Substitutes (if any)**

Marc Liddersh had been nominated as a substitute for Roy Stokes (Environment Agency) and Gavin Ashford had been nominated as a substitute for Councillor Richard Overton (Telford and Wrekin Council).

#### **50. Declarations of Interests (if any)**

No declarations of interests were made in relation to items under consideration at the meeting.

**51. Minutes of last meeting**

Resolved:

That the minutes of the meeting held on 21 February 2019 be confirmed as a correct record and signed by the Chair.

**52. Housing and Regeneration Portfolio: Quarterly Update (Q1 2019)**

Gareth Bradford presented a report which provided an update on the various workstreams which had been agreed by the Board in December 2018. He advised that work had commenced on all of the workstreams and, as expected, the pace of work had increased and was expected to increase further over the remainder of 2019. He referred specifically to paragraphs 3.7 and 3.8 of the report insofar as they referred to the Town Centres Programme and reported that Town Centre Delivery and Investment Plans were being prepared for each of the pilot schemes and work was underway on early interventions (predominantly land acquisitions) as appropriate.

The Chair commented on the present deteriorating position with the retail offer in town centres following Debenhams entering into administration on 9 April 2019 and suggested the need for a dialogue to be commenced with major retailers in order to understand their respective long term strategies. He also expressed concern with regard to recent suggestions by HM Government to proposed changes to 'Permitted Development Rights' which could allow certain categories of retail premises to be converted into residential units without seeking planning permission.

Resolved:

1. That the positive progress in work under the Housing and Land portfolio in Q1 2019 and some of the key work programmes being progressed during the remainder of 2019 be noted;
2. That discussions with the Housing and Land Steering Group and supported working groups be continued on how existing arrangements on engagement, project based governance and working arrangements could be enhanced further between the WMCA, local authorities, the private sector and other organisations.

**53. Hoardings and Signage for Development Sites**

The Board considered a report and a PowerPoint presentation from Gareth Bradford on the progress with the design for hoarding panels and sign boards which would be used on development sites that the WMCA was acquiring, funding and/or supporting. He emphasised that the purpose of the hoardings and sign boards was to emphasise the role of the WMCA in working in partnership, making collective investments and its role as an enabler and facilitator of developments. He advised that the Board was invited to comment on this first iteration of the approach to hoardings and signage with a view to further work being undertaken with partners and a subsequent report being submitted to future meetings.

The Chair and members made the following comments:

- A top down approach was not appropriate and a linkage was required as to who the development was for and whether the developers name

could be shown;

- The need to stress the role of partnership working;
- The desire for hoardings and signage to be appropriate to the proposed location and to reflect the partners involved;
- Details to be included on the purpose of the acquisition of a particular site, especially where remediation of land was included;
- Consideration to be given to the use of a common strapline;
- The possibility of similar hoardings and sign boards being used on projects other than housing and land.

Resolved:

1. That the approach to hoardings and signage for all WMCA development sites as detailed in the report be supported;
2. That the PowerPoint presentation be circulated to members of the Board and to the Housing and Land Steering Group for further consideration, including the comments detailed above, with a view to a report on a further iteration of the designs being made to a future meeting;
3. That in conjunction with 2. above, officers liaise with colleagues in their respective Communications Teams on this matter to ensure that it is included in the various communications networks;
4. That reports on progress with 'Pipeline' schemes and 'Land Remediation' be submitted to a future meeting

#### **54. Exclusion of the Public and Press**

Resolved:

That in accordance with Section 100A4 of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following items of business as they involve the likely disclosure of exempt information relating to the business affairs of any particular person (Including the authority holding that information).

#### **55. Single Commissioning Framework**

Carl Pearson presented a report which provided the Board with an update on the timely completion of the Single Commissioning Framework for investment in Housing, Land and Property Development (the 'framework'). He advised that it had been prepared collectively by Officers of the WMCA, local authorities, LEPs and other organisations and had gone live on 1 April 2019. He commented that it would be a living document and would be updated as required. It was intended that a 'Glossary of Terms' would be produced to demystify the terminology used. He advised that it covered all WMCA managed funds with the exception of the Black Country Land and Property Investment Fund which would continue to be overseen by the Black Country Local Enterprise Partnership.

The Chair commented that the 'framework' covered all matters with the exception of small sites. Gareth Bradford reminded the Board that £10 million had been earmarked previously in the Residential Investment Fund to assist with the development of small sites and that the 'framework' also included a proportionate process for such sites. He confirmed earlier comments that the document would be reviewed and amended as necessary.

Members commented on the need for all public sector partners to co-operate in the development of sites in which they had an interest. Councillor Peter Bilson referred to a debate at a recent meeting of the Association of Black Country Authorities with regard to the remaining £97 million of funding for the Black Country Land and Property Investment Fund. Sarah Middleton reported that the BCLEP was working with the WMCA Housing and Regeneration Team on the articulation of the outputs for the £53 million allocated to date to that fund and that she hoped to be in a position to report on positive outcomes shortly.

Gareth Bradford reported that the framework had been received well by the development industry especially those companies committed to Inclusive Growth and Place Making.

Resolved:

1. That the completion of the Single Commissioning Framework, as appended to the report, be noted as a key deliverable for 2019/20 for the WMCA Housing and Land Portfolio and that it be applied by the WMCA's Investment Board and Housing and Land Delivery Board with effect from 1 April 2019;
2. That the Single Commissioning Framework be reviewed on a regular basis with any material changes proposed being subject to consideration by the Board and with delegated authority being granted to the Director of Housing and Regeneration in consultation with the Portfolio Holder for Housing and Land in respect of minor amendments;
3. That details of the drawdowns through the Single Commissioning Framework be incorporated into the Dashboard reports to this Board

The meeting ended at 10.39 am.



## Housing & Land Delivery Board

<b>Date</b>	15 <sup>th</sup> July 2019
<b>Report title</b>	Housing Affordability: Regional Definition
<b>Portfolio Lead</b>	Councillor Mike Bird, Leader, Walsall MBC
<b>Accountable Chief Executive</b>	Deborah Cadman, Chief Executive, WMCA
<b>Accountable Employees</b>	Gareth Bradford, Director of Housing & Regeneration Pat Willoughby, Head of Policy (Housing & Regeneration) Rob Lamond – Report Author
<b>Report has been considered by</b>	Homelessness Taskforce 20.06.19

### Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended:

- To agree the broad approach to a new regional definition of housing affordability through a pilot programme, based on application of the new definition through the Combined Authority's Single Commissioning Framework (SCF) for its funding and investments. All investments made through this process will be subject to approval by the WMCA Investment Board and its governance process to ensure alignment with local plans and policy.
- For schemes not in the scope of the SCF where the WMCA has a brokering or influencing role, we encourage councils and other partners to adopt Option B in this report, with local criteria being applied in a flexible, non-prescribed way to compliment local plan policy and build confidence in the approach and evidence success for further development.

### 1.0 Purpose

- 1.1 The purpose of this briefing note is to update the Housing and Land Delivery Board on the work WMCA and the Homelessness Taskforce have been doing on a new Regional Affordable Housing Definition – as identified in the Housing and Land Business Plan for 2019/20. It is also to seek agreement to the recommended approach to defining affordability in the West Midlands that reflects the range of housing needs and ambitions across the region, ensures compliance with statutory local plans and provides

investor and developer certainty. Local councils, the private sector and housing associations across the West Midlands have been involved in shaping this work and the proposed recommendations in this report.

- 1.2 This report also outlines the broader work on affordable housing and homelessness in the region to set the new regional definition in context. It sets out the emerging evidence for the housing affordability crisis of the West Midlands and consequently leads to a proposal to trial a new regional definition – initially across WMCA land/investments through the Single Commissioning Framework – to demonstrate the region’s ambitious approach at the forefront of the housing affordability agenda.

## 2.0 Background

- 2.1 A comprehensive affordable housing programme has been operated by WMCA during 2019. A regional definition is a key plank of this programme. The programme includes:

- **Targeted conversations major Registered Providers** on how WMCA and its partners can facilitate delivery of key sites in association business plans that comply with the terms of the Single Commissioning Framework. This includes developing agreements to Memorandum of Understandings between WMCA and each RP and collaborative co-design/co-investment of specific schemes seeking WMCA support – conversations to date give us confidence this element of the programme can provide an additional 3,000 affordable units per annum in the long term
- Creation of a **new affordable housing delivery vehicle** with West Midlands Housing Association Partnership and National Housing Federation to unlock the delivery of new additional affordable supply which wouldn’t otherwise come forward on brownfield sites
- An **overall pipeline of priority sites for WMCA intervention** has been **identified by local councils** where there is clear market failure and where WMCA is working with project sponsors to increase overall supply to 16,500 new homes. A particular focus has been where upfront remediation and infrastructure costs are preventing sites coming forward and minimal levels of affordable housing provision being met.
- WMCA management of the **West Midlands One Public Estate Programme and WMCA’s own strategic asset review** – this is identifying a number of public owned sites where WMCA can secure greater affordable housing provision.
- A comprehensive set of **devolved affordable housing policy and investment asks** to HMG (submission Q3 2019) including greater control and oversight of national affordable housing funds at a regional level, whilst maintaining local councils’ responsibility for affordable housing policy.

## 2.2 WMCA Homelessness Programme

The WMCA, through the convening power of the Mayor, has established a cross-sector Homelessness Taskforce. The focus of the Homelessness Taskforce has been to contribute through joint working to the wider systemic issues which can support Local Authorities to achieve systemic and structural prevention. By engaging across sectors, the Taskforce is seeking to spread the commitment to collaborate to prevent and relieve homelessness and where possible to inform the WMCA’s emerging strategies and development programmes to **‘design in prevention and design out homelessness.’**



- 2.3 Key priorities for the Taskforce, distilled from the analysis of root causes, include:
- Access to affordable housing supply which relates to people's incomes
  - Tackling welfare-related poverty
  - Good employment which enables people to live and work
  - Access to information advice and guidance to make informed decisions and avoid crises
  - Establishing a regional voluntary commitment to collaborate to prevent and relieve homelessness across sectors

WMCA teams are working very closely to ensure a positive circle between WMCA affordable housing and homelessness programmes, alongside jobs and skills and public service transformation, and the work of the Taskforce and its members.

## 2.4 The New Single Commissioning Framework and Monitoring Delivery

In April 2019 we launched **our new landmark Single Commissioning Framework (SCF)** to govern the deployment of all devolved housing and land funds– the first of its kind in the country. It puts maximising affordable housing that meets local needs, development that shows high quality design and supports brownfield regeneration as key pre-conditions of any WMCA housing and land investment in a project.

The new single commissioning framework set a target for 20% as an absolute **minimum** level of affordable housing provision for WMCA to invest in a project but with a goal to secure much higher than that wherever possible. A minimum 20% figure was set by the CA Board as an ambitious but attainable target for development sites in the region, and thus was deemed an acceptable balance that wouldn't undermine delivery on brownfield sites but would secure significantly greater affordable housing than is currently the case. This puts the WMCA at the forefront of all combined authorities when it comes to securing a minimum level of affordable housing on sites it invests or intervenes in.

- 2.5 WMCA has commissioned West Midlands Development Capital (working alongside the WMCA Housing and Regeneration Team) to ensure consistent monitoring of every housing and land project WMCA is investing or intervening in, and to ensure that scheme delivery is not undermined. Our funding and legal agreements with project sponsors mean we can enforce compliance - for example funding drawn down once WMCA is satisfied affordable housing conditions have been met. To assist this, like our MMC and design requirements, we need to 'define' what we mean by affordable housing to inform decision makers and sponsors.

## 3.0 The Case for a Regional Definition

*“Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)”, under four sub-headings: affordable housing for rent, starter homes, discounted market sales housing, and other affordable routes to home ownership (e.g. shared ownership).”*

For both affordable rent **and** discounted market sales, the NPPF sets out a margin of 20% below market value as the minimum discount that should be applied.

(National Planning Policy Framework, Affordable Housing Definition)<sup>1</sup>

- 3.1 Greater devolution of affordable housing policy and investment to the region was a key ask of WMCA during the devolution deal negotiations of 2017, 2018 Housing Deal and 2018 Budget. WMCA Housing and Land Board committed in December 2018 to working collectively to secure increased local responsibility and control over affordable housing policy, funding and delivery from Central Government.

Solely delivering an increased quantum of affordable housing far greater than today will not hit WMCA's inclusive growth goals unless it is matched by the provision of genuinely affordable, accessible accommodation that is tailored and targeted to local needs and circumstances. The affordable housing programme must deliver a diversity of housing (for example family homes, shared living etc.) across various rental price points if it is to tackle key issues such as rising rents, waiting lists, homelessness and affordability.

- 3.2 The national affordable housing definition (see above extract from the National Planning Policy Framework) seeks to achieve this from a national perspective. It is simple and concise, giving certainty to investors and providers of affordable housing, the Planning Inspectorate when judging local plans, and councils when assessing planning applications. It also encompasses numerous 'types of affordable housing' developers can incorporate into their schemes. However, one of the acknowledged weaknesses of the national definition is it does not account for the particular environment and circumstances of a locality nor adequately addresses local needs.

- 3.3 An affordable housing working group including local councils, Homes England and the National Housing Federation (NHF) was established in 2018 to work up the terms of a potential 'affordable housing deal' which was discussed and agreed in principle at Housing and Land Board (see Annex A of April 2019 Board). *A key ask of the Board was a definition of affordable housing which took greater account of local circumstances but retained the certainty which the national policy provides and has been incorporated into statutory plans.* There was a particular concern identified that if a regional definition was too narrowly drawn or too high a bar to meet investors/developers would go elsewhere to focus on areas where the definition or policy was less expensive, easier to achieve, or less demanding.

The Homelessness Taskforce has also recommended the creation of a regional affordable housing definition to help tackle some of the root causes of homelessness.

- 3.4 Much work has been done since jointly by the taskforce, NHF, local councils, housing associations and WMCA on bringing this proposal together jointly including the evidence base and how it would work in practice. Some of the evidence is set out below.

#### 4.0 Problem Identification

Despite increased delivery in recent years of affordable housing overall in the West Midlands (circa 2,000 units per annum), the region continues to experience a considerable under supply of affordable housing which is particularly concentrated in certain pockets of the region. Housing affordability is getting worse (house prices increasing at twice the national average), the issue is not equally distributed across the region (e.g. Coventry's house prices are increasing at some of the fastest in the country), and the house price to income ratios of Stratford-upon-Avon are very different

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<sup>1</sup> <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

to those of parts of Birmingham. The context for this situation is complex and multi-layered and will be provided in more detail in an evidence document which we are preparing for submission to Government in Q3 2019. Some of the headlines are set out below.

#### 4.1 **Headline housing affordability statistics include:**

- **Housing rents**

Average private rental prices in the region have increased at above the national average for over two years

- **Housing benefit:**

Over 380,000 households receiving housing benefit in the West Midlands in 2018

- **Homelessness:**

A 30% increase in rough sleepers in the region between 2017 and 2018

Over 2,600 households are in temporary accommodation in the West Midlands

- **House prices:**

The average house price in the West Midlands is now almost seven times the average income, and is increasing at a rate twice the national average.

#### 4.2 ***Key constraints on increased supply of affordable housing that meets local needs:***

- Land supply constraints which hinder affordable housing delivery, especially on brownfield sites close to major new and existing transport corridors
- Nationally imposed funding formulas and rules (e.g. HMT imposed 80/20 rule for Homes England funding for land acquisition and enabling infrastructure) hinder ability for the region to attract the funding it needs and deploy bespoke solutions site by site
- National Benefit Cost Ratio assessments in business cases which take minimal account of local factors or wider benefits of growth. This prioritises greenfield/green belt land and brownfield supply in high value housing markets over formerly industrial sites in regions like the West Midlands
- Uncertainty over roles and responsibilities (Councils, Housing Associations, Homes England, Combined Authority) for affordable housing policy and delivery
- Lack of shovel ready projects to which funding can quickly be directed
- Lack of a single gateway/ interface on affordable housing in the region
- Insufficient resourcing to maximise chances of successful bids to HMG funds and necessary quality assurance

### 4.3 Building the Case for a Regional Definition

Various academic and practice reports are starting to show the challenges and weaknesses of a simplistic national affordable housing definition of average house price to income ratios – particularly that it takes insufficient account or weighting of local affordability considerations and problems. It means two communities across one local authority area will use the same definition of ‘affordable’, regardless of more local circumstances.

#### 4.4 Examples of challenges identified include:

- “The ratio (i.e. the HMG definition) provides no information on the distribution of outcomes across household types and income levels, it can be misleading as an indicator of changes in affordability over time even at the aggregate level and it is worrying that it is to be used as a central indicator in local authority housing needs planning.”<sup>2</sup>
- The Communities and Local Government Select Committee reported in 2016, “Where the need exists, it is vital that homes for affordable rent are built to reflect local needs. The definition of affordable housing should better reflect individual and local circumstances.”<sup>3</sup>
- Shelter’s research concludes that affordable housing should be defined to “meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.”<sup>4</sup>

**4.5 As housing supply is a multi-dimensional policy area, we cannot find clear evidence that a definition on its own will unlock significant new affordable supply. But as part of the coherent comprehensive approach to affordable housing and homelessness, a regional definition can send a strong message of our commitment to address well evidenced and clear housing affordability and supply issues.** Our option appraisal takes into account the need to build the evidence for a bespoke regional definition in a balanced way that doesn’t create conflicts with local plan policies, national policy or RP investment plans and builds buy in and support for a different approach.

### 5.0 Regional Definition Option Appraisal

#### 5.1 Key Assumptions

The options for a new Regional Definition that have been considered by the various working groups over the last 6 months are set out below - they all seek to achieve the following 4 key objectives:

1. Tackle some of the key underlying problems hindering supply of genuinely affordable housing in the West Midlands, especially affordable rent.

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<sup>2</sup> <https://housingevidence.ac.uk/publications/how-should-affordability-be-measured/>

<sup>3</sup> <https://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2015/dclgs-consultation-on-national-planning-policy-15-16/>

<sup>4</sup> [https://england.shelter.org.uk/\\_data/assets/pdf\\_file/0009/349695/Shelter\\_response\\_CLG\\_consultation\\_PPS3\\_Annex\\_B\\_-\\_affordable\\_housing\\_definition.pdf](https://england.shelter.org.uk/_data/assets/pdf_file/0009/349695/Shelter_response_CLG_consultation_PPS3_Annex_B_-_affordable_housing_definition.pdf)

2. Increased local accountability and oversight of affordable housing policy, funding and delivery, particularly allowing for more tailored approaches so that affordable housing meets local needs rather than a one-size-fits all national approach.
3. Maintaining investor and developer certainty about affordable housing policy and funding requirements so they can plan ahead and invest for the future in all types of affordable housing in support of our Local Industrial Strategy
4. Bringing more sites forward where the market is failing, especially brownfield, to increase supply of affordable housing that meets local needs

**5.2 Options for Regional Definition**

The key criteria for a more bespoke local approach are:

- General differences in income levels across region
- Specifically income levels in lower quartile income and rent levels
- Contribution to addressing the West Midlands productivity gap
- Establishing a living affordable rent in the West Midlands (no more, in rent or mortgage, than 30% of the current average gross household income)
- Local housing rent and sale prices

Option	Summary
<b>A</b>	<p><b>Status Quo – National Definition applied through Local Plans</b></p> <p>Retain the national affordable housing definition in how we apply ‘affordable housing’ across the West Midlands as is currently the case (e.g. local plans, Single Commissioning Framework, the new affordable housing delivery vehicle)</p>
<b>B</b>	<p><b>A new Regional Approach - Local Weighting + National Policy Definition but with identified local criteria that ‘should’ be applied</b></p> <p>Use average house price to income ratio as a start and the region then sets out suggested criteria and/or principles <u>to be applied</u> by decision makers when defining and agreeing affordable housing provision on development sites in a locality – similar to the approach advocated for the Regional Design Charter</p>
<b>C</b>	<p><b>Regional Definition+ - Begin with National Policy Definition and prescribed local affordability criteria that ‘must’ be applied</b></p> <p>Use average house price to income ratio as a start and the region then prescribes key criteria and/or principles <u>that must be applied</u> when defining and agreeing affordable housing provision on development sites in a locality.</p>
<b>D</b>	<p><b>A New Bespoke Regional Definition – Markedly different to the National Policy Definition</b></p> <p>A brand new regional definition that doesn’t use any part of the national policy definition and creates a clear differential between policy applied by HMG and that applied by the region.</p>

More detail on the scope of each of these options is set out in the table below in Annex 1.

## 6.0 Conclusions – A Balanced Approach

We have looked extensively at other affordability definitions currently operating across the UK and research on the pros and cons of different definitions in comparison to the average house price to income ratio used by National Government. We have engaged local councils, NHF, housing associations and members of the Homelessness Taskforce as well as the Housing and Land Board's officer working group.

This research and engagement has provided good evidence of the difficulties of the status quo – i.e. applying a one size fits all nationally prescribed affordable definition in a region such as the West Midlands where housing affordability is very localised in terms of its impact, factors which may alter it can also be quite localised (e.g. a new Metro route) and there are significant upfront costs of development on many sites (e.g. land remediation, transport infrastructure).

- 6.1 On the other hand the research and our engagement with partners has shown that if we draw a regional definition too narrowly or which is clearly at odds with the national default, it may be unhelpful in our discussions with investors and providers who have created investment plans on basis of national policy and legislation. The national definition gives certainty and remains how HMG decides funding bids for its housing and infrastructure funds, and is the basis of local council affordable housing policy.

## 6.2 A Proposed Way Forward

Our recommendation is to take forward a new affordable housing definition for the West Midlands but to do so in a balanced way that doesn't create conflicts with local plan policies, national policy or RP investment plans and builds buy in and support for a different approach. Therefore we propose we move the dial by applying the national definition in a **regionally bespoke way**.

- 6.3 To do so, **we propose that the WMCA as an organisation adopts Option C and applies a regional definition to the investments made through its Single Commissioning Framework** (i.e. where WMCA is investing in a site, or has a land or property interest) and to the additional affordable homes which are directly attributable to the operation of the WMCA Single Commissioning Framework, **acting as a trailblazer for the regional approach and demonstrating the applied value in practice**. This will require additional clauses to be incorporated into standard WMCA funding agreements to govern the additional component of affordable housing, and negotiation with Homes England to ensure the introduction of a new regional definition of affordable housing does not impinge on its ability to consider grant in support of this additionality. All such schemes would need to be compliant with Local Plan policy in order to proceed.

- 6.4 **For schemes not in the scope of the SCF where we have brokering or influencing role, we encourage councils and other partners to adopt Option B**, with local criteria being applied in a flexible, non-prescribed way to compliment local plan policy and build confidence in the approach and evidence success for further development.

Our analysis has indicated this won't cause significant disruption to investment in affordable housing but will definitely allow for the Combined Authority to demonstrate its leadership role by intervening in the market.

- 6.5 We will monitor impact and delivery with a view to building an evidence base for greater deployment of Option C. In time our aspiration would be that the regional definition is increasingly embedded into statutory local plans and thus is applied in Section 106 negotiations for example on development sites.
- 6.6 The longer term goal is to develop the evidence and analysis of the real impact of Options B and C, to build the case for a bespoke regional definition (Option D) in future. Option D would require significant commitment to develop the criteria, measurement, reporting and implementation of any bespoke definition; for example,
- Improvements are required in data availability for local level income to inform the metrics and analyses used. This could entail working in collaboration with the Office for National Statistics to co-develop new reporting tools.
  - The implementation of such a definition would require collective agreement and resources throughout the region to monitor, collate and enforce its application
  - The definition would require consistency of application from all sources e.g. investment from other Government sources (i.e. Homes England) unless further devolution of funding is agreed.

## 7.0 Conclusions and next steps

- 7.1 In conclusion, we recommend taking forward a **twin-track approach** to the new regional affordable housing definition. This combines the national default with specific local weighting and criteria within the WMCA Single Commissioning Framework which achieves the outcome of enabling us to define affordable housing in a more localised and bespoke way. In doing so, the Combined Authority will be piloting a new approach without confusing the market or investors or leading to challenges relating to compliance with local plan affordable policy. The organic, developmental nature of such a trial will allow the definition to be nuanced and reflect local needs.
- 7.2 Whilst there is uncertainty about the precise impact of a definition on its own on tackling the very difficult housing affordability issues, it is part of a package of affordable housing and homelessness measures and without doubt sends a clear and strong message to communities and housing providers that WMCA is taking the issue of regional affordability seriously and not just applying a national definition 'off the shelf'.

Subject to the above being agreed, the suggested next steps and milestones are set out below.

<b>Date</b>	<b>Activity</b>
<b>July 2019 onwards</b>	Ongoing engagement with local authorities, Homes England, housing associations and trade bodies
	Amendments to WMCA funding agreement process/documentation
	Amendments to monitoring data for SCF agreements to capture impact & affordable delivery
<b>Ongoing</b>	Reporting of SCF affordable housing delivery
	Development of local income data/measures
<b>March 2020</b>	Review/ annual output

## 8.0 Financial Implications

8.1 There are no direct financial implications for any work arising as a result of approving the recommendations within this report. Incorporating enhanced standards into proposals which WMCA are developing through the Single Commissioning Framework may result in a higher level of subsidy being required by the Combined Authority where the initial proposal refers to a lower standard. Investment decisions will, however, continue to be evaluated on a case by case basis to ensure the adequacy of outputs and verify affordability

## **9.0 Legal Implications**

9.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives the CA a power of competence appropriate for the purposes of carrying-out any of its functions. Part 4 of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to any Economic development and regeneration in the constituent councils are exercisable by the CA. Part 3 of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers functions corresponding to the functions of the Homes and Communities Agency has in relation to the combined area.

The principles for the provision for Affordable Housing will be incorporated and reflected into the relevant grant funding agreements and Legal will advise further when instructed on specific funding agreements.

## **10.0 Equalities Implications**

The proposals within the report are likely to have a positive impact on equalities. An equality impact assessment will be conducted to ensure that key equality principles and considerations are incorporated within any affordably housing strategy to help address inequalities and promote inclusion and equality for a wide range of groups.

## **11.0 Inclusive Growth Implications**

The proposals for an Affordable and Social Housing Agreement are focused on improving accessibility to and affordability of housing, factors which have considerable bearing on inclusivity. Failure to ensure that prosperity benefits communities across the region will contribute to the challenges continuing in the future.

## **12.0 Geographical Area of Report's Implications**

The proposed approach to housing affordability is intended to encompass the whole geography of the WMCA area, including the 3 LEPs and non-constituent Member authorities.

## **13.0 Other implications**

## **14.0. Schedule of Background Papers**



## Annex 1: Options for West Midlands Affordable Housing Definition

	A) Status quo	B) New Regional Approach	C) Regional Definition+	D) A new bespoke Regional Definition
<b>Summary</b>	<b>National Definition applied through Local Plans</b>	<b>Local Weighting + National Definition but with identified local criteria that 'should' be applied</b>	<b>Begin with National Definition and prescribed local criteria that 'must' be applied</b>	<b>Markedly different to the National Policy Definition</b>
<b>Features</b>	Retain the national affordable housing definition in how we apply 'affordable housing' across the West Midlands (e.g. local plans, Single Commissioning Framework, the new affordable housing delivery vehicle)	Use average house price to income ratio as a start and the region then sets out some suggested criteria and/or principles that should be applied by decision makers when defining & agreeing affordable housing provision on development sites in a locality – similar to the approach advocated for the Regional Design Charter	Use average house price to income ratio as a start and region prescribes key criteria and/or principles that must be applied when defining and agreeing affordable housing provision on development sites in a locality.	A brand new regional definition that doesn't use any part of the national policy definition and creates a clear differential between policy applied by HMG and that applied by the region. Based on a robust & comprehensive analysis of the full range of local incomes.
<b>Application</b>	Housing defined as affordable via NPPF (20% below market rate for both sale and rented) remains the measure of delivery	Local criteria (e.g. income range, demographics) are applied where relevant and agreed by local councils in assessing development	Key criteria are included in local council decision making to complement/enforce application of genuine affordability at a local level	The region defines a set of measures, agreed by all local authorities, to reflect local conditions. Applied to the regional market, the range of housing types, tenures & values reflects local needs & market conditions.

<b>Pros</b>	Consistent approach Widely understood	Combines national definition with application of local conditions specific to each circumstance Flexible & iterative model Conforms with existing local plan policy Unlikely to disrupt investment	Combines national definition with application of local conditions in all circumstances Demonstrates local leadership and collective approach <b>Potential to pilot on WMCA land and funded sites</b>	The West Midlands demonstrating leadership and accountability for tackling key issues Regional consistency & ownership of the issues A trailblazing model that fundamentally addresses local conditions.
<b>Cons</b>	Does not reflect vital local conditions e.g. income variation Inflexible and “one size fits all” Not currently delivering results required	Potential inconsistency in application Variation from standardised approach	Requires agreement across all partners Goes beyond Local Plan policy and therefore likely to conflict Lacks local discretion once applied	Significant resourcing required for application, measurement, enforcement Variation from national approach will require strong leadership and collaboration with the market to prove concept



## Housing & Land Delivery Board

<b>Date</b>	15 July 2019
<b>Report title</b>	Housing & Land Portfolio: Quarterly update (Q2 2019)
<b>Portfolio Lead</b>	Councillor Mike Bird, Leader, Walsall MBC
<b>Accountable Chief Executive</b>	Deborah Cadman, Chief Executive, WMCA
<b>Accountable Employees</b>	Gareth Bradford, Director of Housing & Regeneration Pat Willoughby, Head of Policy (Housing & Regeneration) – Report Author
<b>Report has been considered by</b>	Q1 update considered by Housing & Land Delivery Board in April 2019

### Recommendation(s) for action or decision:

The Housing & Land Delivery Board is recommended to agree:

- 1) That the following items should be considered at the September 2019 meeting of the Housing & Land Delivery Board:
  - Regional Design Charter
  - Pipeline of Intervention Opportunities and update on the implementation of the Single Commissioning Framework (Commercially Sensitive)
  - MMC Strategy and Routemap
  - Affordable Housing Delivery Vehicle
  - Town Centre Toolkit

The Housing Land & Delivery Board is also asked to note:

- 1) The positive progress in work under the Housing & Land portfolio in Q2 2019 and some of the key work programmes being progressed during the remainder of 2019;

- 2) That discussions are continuing with Housing & Land Delivery Steering Group and supported working groups on how existing arrangements on engagement, project-based governance and working arrangements are further enhanced between the WMCA, local authorities, the private sector and other organisations.

## **1.0 Purpose**

- 1.1 The purpose of this paper is to provide an update on the various work streams which were agreed by the Housing & Land Delivery Board in December 2018 and contained within the 2019 WMCA Annual Plan. The first quarterly update was considered by the Housing & Land Delivery Board on 10 April 2019; this report provides an update on work undertaken since that time and provides some background for the benefit of new Members.

## **2.0 Background**

- 2.1 In December 2018, the Housing & Land Delivery Board agreed a report which:
- summarised the goals and achievements in the housing and land portfolio of WMCA in 2018
  - described the critical role(s) of WMCA in enabling and facilitating delivery and unlocking new investment, and
  - set out a programme of work for 2019 (both reproduced in Appendix 1).
- 2.2 At that time a number of strands of work were in train and were expected to reach critical moments and delivery in 2019. These included:
- launch of the single commissioning framework, consistent process and funding portal for all devolved housing and land funds
  - targeted work to unlock a comprehensive pipeline of brownfield housing and employment opportunities on key transport corridors
  - submission of an ambitious Affordable Housing Deal to Government
  - securing supply agreements with major Registered Providers
  - launch of the West Midlands Investment Prospectus at MIPIM Cannes
  - submissions to the Government's Future High Streets Fund and HIF fund
  - development of town centre delivery and investment plans for WMCA 'Wave 1' town centres
  - investment in strategic acquisitions and creation of corridor investment plans.
- 2.3 Substantial progress has been made on all of these matters since the last quarterly report and is discussed in more detail below, including one of the most comprehensive brownfield regeneration programmes in the country. So that work on these tasks can be seen in the context of our overall work programme, they are described under the generic headings used in the report of December 2018.

## **3.0 Progress and current activity**

### ***Work Stream 1: Area based programmes***

#### ***Strategic Investment & Delivery Plan (SIDP)***

- 3.1 The revised SIDP was agreed at the meeting of the Housing & Land Delivery Board in February 2019 with delegated powers given to the Director of Housing & Regeneration (following further discussions with the Housing & Land Delivery Steering Group), in

consultation with the Portfolio Lead for Housing & Land, to agree: further minor revisions (provided that these do not change its sense nor purpose); the text for the executive summary; and the design for publication. Detailed, largely factual, comments from Local Authorities, LEPs and other organisations have been taken on board and arrangements are now being made for final publication of the document in Q2 2019.

### *Growth Corridors and Strategic Opportunities*

- 3.2 At its meeting in December 2018, the Housing & Land Delivery Board endorsed a programme of work to unlock the untapped potential of inclusive growth in Corridors and Strategic Opportunity areas, building on those identified in the SIDP. Underlying the concept was intention to align existing and planned public transport infrastructure development with the identification and delivery of new homes and employment opportunities. The Housing & Land Delivery Board also welcomed the positive work to date on two growth corridors i.e. Wolverhampton to Walsall and Sandwell to Dudley (Wednesbury to Brierley Hill).
- 3.3 Work in the Wolverhampton to Walsall Corridor is most advanced with a formal programme board and well-established working and project delivery arrangements at officer level; formal and informal meetings take place on a regular basis. A number of specific development projects are being taken forward on key sites, consultants are being appointed to prepare a detailed investment framework building on information which is already known, sites from the regional site pipeline are being unlocked and work is being aligned with both national and regional town centre initiatives. Consultants are also being appointed to supplement work on individual sites with a narrative describing the overall vision for the corridor. The working arrangements are proving to be an effective model from which to develop working arrangements in other areas and timely progress is being made unlocking key sites in the corridor (e.g. Brewers Yard).
- 3.4 The Sandwell to Dudley (Wednesbury to Brierley Hill) Corridor is at an earlier stage in the process but governance arrangements and technical work are being progressed, facilitated particularly by confirmation of funding for the new Metro extension and work on town centre regeneration. Again key sites are being jointly unlocked in the corridor (e.g. Friars Park).
- 3.5 Work is also being progressed in the Perry Barr/A34 and Greater Icknield to Smethwick Corridors, most interventions being based around specific major development proposals, not least the Commonwealth Games and Greater Icknield Port Loop, both of which are proving to be very effective catalysts for development in the wider area.
- 3.6 During the remainder of 2019, further corridor work will be progressed taking its lead from the Spatial Investment & Delivery Plan where local councils and LEPs, working with WMCA, identified a number of growth corridors and strategic development opportunities.

### *Town Centres Programme*

- 3.7 In July 2018, the Housing & Land Delivery Board identified town centre regeneration and repurposing as an area within which WMCA could add value and support local councils. The Town Centre Programme was subsequently launched in October 2018 at which time the Housing & Land Delivery Board agreed five centres (Bilston,

Wolverhampton; Bordelsey Green, Birmingham; St Matthew's Quarter, Walsall; St Thomas' Quarter, Dudley; and West Bromwich East, Sandwell). These would form pilots for the programme, with learning shared across all other areas, developing a knowledge base to inform dialogue with national government. The objective of the programme is to work with local authorities to accelerate and deliver Local Authority plans for these centres, bringing WMCA resource and expertise to assist in the process and unlock delivery of plans.

- 3.8 Working collaboratively with Local Authorities, WMCA has since established a town centre officer working group and agreed a number of key interventions to take forward as an early priority within each centre. These priority interventions were identified by Local Authorities on the basis of their emerging and adopted plans for the five pilot centres. The Investment Board and Housing & Land Delivery Board, in February 2019, agreed an investment package of up to £20m for these early interventions and work is in progress across the five centres. As several of these interventions have medium term delivery potential, we are working with local authorities and other groups to identify 'softer' interventions which can be delivered more quickly to show momentum and demonstrate that change is taking place. We are also considering what other routes might deliver priority interventions quickly.
- 3.9 The town centres work programme also includes the establishment of a Regional Town Centres Task Force to champion and challenge the programme. The Task Force comprises a range of experts whose expertise and commercial focus will help us to establish the five pilot centres into investable propositions.
- 3.10 The Task Force met for the first time on 5 June 2019 and received presentations from all five centres on their overall vision, ambitions, current interventions and the type of help needed from the Task Force. The Task Force will be visiting all five centres on 17 July 2019 and their briefing papers will include draft Delivery & Investment Plans for each centre, prepared by the local authorities and the toolkit (see below). The Task Force will review each of the plans in the role of 'critical friend' offering advice and guidance on how to make them 'investor ready'. The aim remains to have town centre plans, where possible, formally agreed by each council during Q3 2019.
- 3.11 The town centres work also includes the preparation of a new regional 'town centres toolkit', essentially a very practical and usable guide, summarising a wide range of potential interventions that could be explored and adapted to suit the circumstances in retail centres across the West Midlands. A draft toolkit has been prepared and circulated to the town centre working group for comments and feedback and will be included in the briefing papers for the Task Force on 17 July for comment/feedback as they visit each of the centres. The aim is for a revised version of the toolkit to be considered at the September 2019 meeting of the Housing & Land Delivery Board.
- 3.12 The Housing & Regeneration Team continues to liaise with Government on links to the Future High Streets Fund and related Heritage Fund; and on the 'Stronger Towns' Fund.

### ***Work Stream 2: Sites based programmes***

#### ***Sites Delivery***

- 3.13 The Housing & Regeneration Team are progressing and intervening in an extensive number of key sites and opportunities (agreed with each council) to accelerate and

secure delivery of new homes and jobs across the WMCA area in close partnership with colleagues in the respective local authorities and the private sector. The objective of the work is predominantly to unlock development potential, removing barriers to delivery (including fragmented land ownership), remediating contaminated land and providing essential infrastructure. The delivery of such sites will act as a catalyst for wider delivery in the region.

- 3.14 A commercially confidential dashboard of progress on these key opportunities is being prepared, following extensive engagement with local councils and the private sector during Q1 and Q2 2019, enabling efficient monitoring and reporting of progress to this Board. A clear communications plan is also being created and hoardings have now been agreed to maximise the communications benefits of each intervention. WMCA funding to date will support the delivery of approximately 3,650 new homes to the end of 2018/19; for reasons of commercial confidentiality the individual sites are not named in this report.

#### *Key Sites Pipeline*

- 3.15 WMCA has been working with local authorities, Transport for the West Midlands and external advisors to produce a composite database of potential development sites in the region, for both housing and employment land, and to identify key barriers to delivery. The database brings together information from a number of sources and supports a number of work streams, providing readily available access to data, where known, on such matters as site location, size, existing and future land use, planning status, indicative dwelling numbers and/or floorspace, land ownership, barriers to development, etc. Different access arrangements are being set up so that different parts of the database can be accessed by different groups, both inside and outside WMCA.

#### **Work Stream 3: Topic based programmes**

##### *Affordable and Social Housing Programme*

- 3.16 Data released by the Office for National Statistics on 28 March 2019, assessing housing affordability in England and Wales, shows that the regional ratio between average incomes and average house prices continues to rise. The issue of housing affordability identified by this data underlines the importance of WMCA's key priority, agreed by the WMCA Board in January 2019, to "*submit an ambitious regional affordable and social housing deal to Government.*"
- 3.17 The Housing and Land Portfolio goals, projects and workstreams for 2019/20 included key deliverables to "increase the supply of affordable and social housing in the region", and "submit an ambitious regional affordable and social housing deal to Government."
- 3.18 In May 2019 a joint workshop was held with the NHF and West Midlands Housing Association Partnership (WMHAP) regarding emerging proposals for a joint development vehicle. This proposed venture would look to combine the assets, expertise and networks of the member parties to accelerate delivery and additionality, recycle investment to create long term value and benefits, unlock stalled "difficult to deliver" sites, and maximise Brownfield land and transport corridors. A working group consisting of representatives from housing associations, the NHF, Combined Authority and legal advisors has now been formed to develop a business case and delivery plan to proceed to the next stages, and will report back to the Housing & Land Delivery Board on a regular basis including its board meeting in September 2019.

- 3.19 Work is continuing on the development of “an ambitious regional affordable and social housing deal to Government”, as agreed by the WMCA Board in January 2019. This proposal will form part of the Combined Authority’s submissions to HM Treasury as part of the Comprehensive Spending Review process, being held during Autumn 2019. The proposal to Government sets out the region’s ambition to treble the annual delivery of affordable homes through devolved funding and delivery programme and complements neatly the recommendations of the recently launched Devolution report by Lord Heseltine.
- 3.20 The challenges of affordable housing supply and the region’s approach to how affordability is defined has been the subject of ongoing collaborative work with the Mayoral Homelessness Taskforce and the wider sector. This is the subject of a separate paper on today’s agenda.

***Work Stream 4: Other policy work to support delivery***

*Regional Design Charter*

- 3.21 At its meeting in February 2019, the Housing & Land Delivery Board agreed to the preparation of a Regional Design Charter which would align Local Authority and WMCA aspirations to deliver at pace and scale whilst defining new quality benchmarks. Following this, WMCA undertook work to focus on the scope and priorities of existing design documents and compiled a literature review of key documents in the West Midlands.
- 3.22 Since the last update, WMCA has formed a working group including Local Authority and LEP representatives. Using the literature review as a starting point, the working group is identifying a number of ‘core principles’ that represent essential placemaking qualities and could add value to the existing design landscape in the West Midlands.
- 3.23 This group is meeting regularly over Summer to refine the Charter’s principles and format. Additionally, the group will test the draft Charter by applying the agreed principles to a variety of developments across the region and determining the impacts the principles could have on viability.
- 3.24 The draft Charter will be brought to the Housing & Land Delivery Board for approval in September 2020 and subsequently will be added to the new Single Commissioning Framework to explain the criteria on high quality design in that framework. Subject to board approval, WMCA will look to publish the Charter in Autumn 2020.

*Strategy and route map for Advanced Methods of Construction*

- 3.25 As part of the Housing Deal, WMCA committed to securing a nationally leading programme for ‘Advanced Methods of Construction’ (AMC). This commitment is recognised in the Spatial Investment & Delivery Plan, the HIF Business Case and in the operating principles of the Single Commissioning Framework.



- 3.26 Work to date has included the establishment, in 2018, of a suppliers' panel: the Advanced Methods of Construction Advisory Panel. This Panel has supported WMCA in understanding the private sector position on AMC in housing. Additionally, WMCA has sought to learn from the significant amount of research that has been undertaken by government and industry bodies to understand industry output, benefits and drawbacks of MMC and barriers to uptake.
- 3.27 At the same time, the Ministry of Housing, Local Communities and Local Government is developing national policy, guidance and tools to support the uptake of AMC by developers and providers. To date, this work has looked at how best to support the mortgage finance, insurance and valuation communities in better understanding and supporting use of MMC in residential development. This has included the development of a 'definition framework' which identifies 7 MMC categories across a spectrum, from homes built entirely off site to improved on-site processes. This definition framework will also be used by Homes England within their procurement framework.
- 3.28 Rather than seek to replicate the work of others, we would suggest that, moving forward, WMCA's AMC strategy focuses on those barriers external to the financing of AMC products and primarily on where WMCA could intervene to accelerate the delivery of AMC products that are high quality and deliver new skills and employment provision.
- 3.29 In this context, the next steps for WMCA are to:
- establish a working group involving Local Authorities and LEPs to identify local challenges to delivering AMC and lessons that can be learned from those that are already delivering AMC products in their area.
  - align findings from wider research, the Suppliers Panel, the working group and emerging national strategy to identify where WMCA could add value to the existing national and regional AMC landscape.
  - continue to identify opportunities to showcase and pilot quality AMC products on WMCA-owned sites or through joint ventures with providers.
  - develop the regional AMC vision, plan and delivery programme (initial proposals to this Board in September 2019)

#### *Communications Plan*

- 3.30 Communications is being managed through a variety of local media sources and is an important part of the process. The Housing & Regeneration and Communications Teams have worked up a 'communications grid' to ensure that announcements are made at the right time; this is updated weekly. The grid ensures advance notice of key events and allows all media activity to be co-ordinated with Local Authorities, LEPs, other public sector organisations and private sector developers and investors.
- 3.31 Other communications work includes making use of signboards and hoardings around development sites to explain what is happening and who is involved in the process.

## **Work Stream 5: Funding and Finance**

### *Single commissioning framework*

- 3.32 The key operational principles of the Single Commissioning Framework, a key deliverable for 2019/20, were agreed at the meeting of WMCA's Investment and Housing & Land Boards in February 2019. Authority was delegated to officers to produce the document and this was undertaken using a collaborative process using workshops, face to face meetings and on-line document sharing systems to allow virtual collaboration. This worked well and the authorship process has now been completed. The Single Commissioning Framework is now being applied by WMCA's Investment Board and Housing & Land Delivery Board on all applications for WMCA funding. A public-facing document is also being prepared and progress will be reported to this Board.

### *Public Sector Investment Programme*

- 3.33 During the first quarter of 2019, negotiations have continued on the release of funding (£165m) for the regeneration of the Perry Barr area, announced by Government at the time of the Autumn Statement 2019. This funding has now been secured and payment has been released.
- 3.34 A HIF application for a further £85m of investment in infrastructure in the region was submitted at the end of March 2019 and is now being considered.
- 3.35 As part of its delivery programme, WMCA is progressing the disposal of a number of sites in which it has a direct land interest. WMCA's involvement has enabled development to take place earlier than would otherwise have been the case and some sites have required remediation and advance infrastructure works. This too has increased the amount and pace of delivery.

### *Private Sector Investment Programme*

- 3.36 WMCA continues to shape investor interest in the West Midlands through a variety of mediums e.g. the creation of investible opportunities, investor engagement plans, creation of an investor prospectus, etc. Discussions are held on a regular basis with major development companies and investment institutions around specific opportunities, supported by investor engagement plans to ensure that credible opportunities are matched with appropriate investors at all levels: regional, national and international. The new Investor Prospectus was released at MIPIM 2019 and was very well-received. Highlighted investor opportunities attracted substantial interest and initial conversations are now being pursued with local councils and West Midlands Growth Company.

## **Work Stream 6: Joint Programmes**

### *The One Public Estate Bid (Phase 7 Funds)*

- 3.37 The West Midlands OPE Partnership submitted a bid for additional funding in Round 7 of the OPE Programme and has been successful in securing £320,000, a combination of grant and sustainable grant funding.

### *Public Land and Asset Disposal programme (augmented OPE programme)*

- 3.38 The OPE Programme and bid expressed the ambition of the West Midlands Partnership, led by WMCA, to augment the existing arrangements and expand the current regional OPE programme so that it becomes a highly effective public land and asset disposal programme. Since the last meeting:
- additional public sector land owners have been invited to join the partnership
  - existing partners, through service delivery reviews, have identified the potential for release of additional public sector land and this pipeline of opportunities is being worked through and will be presented to the September 2019 OPE Board
  - new governance arrangements have proved to be an effective means of delivering on programme commitments and identifying additional projects which, if future rounds of the programme are announced, can form the basis of a future bid.

### *WMCA/Homes England Joint Team*

- 3.39 The Housing Deal with Government made provision for a joint team to be established between WMCA and Homes England. This would bring together the combined resources of the Government's national housing delivery agency with WMCA's regional focus. Terms of Reference have been agreed, sites have been identified for joint intervention, additional resource has been made available from Homes England to work on the pipeline, work is underway to secure more Homes England funding for delivery (e.g. on affordable) and working arrangements are being put in place.
- 3.40 Since the last meeting, working arrangements have been finalised and negotiations on individual sites by the joint team are taking place.

## **Work Stream 7: Arrangements for Monitoring and Review**

- 3.41 Since the last meeting, programme management arrangements have been put in place. This will allow better monitoring of outputs and overview of delivery targets.

## **4.0 Items for agenda in September 2019**

- 4.1 Based on the progress made on the projects described above, it is proposed that the following deliverables should be considered by the Housing & Land Delivery Board at its meeting in September 2019:
- Regional Design Charter
  - Pipeline of Intervention Opportunities and update on the implementation of the Single Commissioning Framework (Commercially Sensitive)
  - MMC Strategy and Routemap
  - Affordable Housing Delivery Vehicle

- Town Centre Toolkit

## **5.0 Conclusions**

- 5.1 Substantial progress has been made across all work streams since the last meeting and there is significant commitment to ensuring that work continues at pace and is produced in a collaborative manner. Further discussion will continue to take place between officers of WMCA and local authorities and LEPs on how engagement, project-based governance and working arrangements might be enhanced to ensure continued success.

## **6.0 Financial Implications**

- 6.1 There are no un-budgeted financial implications as a result of the recommendations within this report. The majority of the work to develop the prospectus will be undertaken through existing in-house resource and any external support requirement will be funded from the Housing & Regeneration revenue budget. Sites requiring acquisition or remediation will come, as appropriate, to the WMCA Investment Board.

## **7.0 Legal Implications**

- 7.1 Section 10. 1 and schedule 3 of The West Midlands Combined Authority Order 2016 No. 653 (the Order) confers Economic development and regeneration functions to the WMCA in the CA area. Schedule 3 sets out a duty under section 69 of the 2009 Act for the CA to prepare an assessment of economic conditions.
- 7.2 By virtue of section 113A of The Local Democracy, Economic Development and Construction Act 2009 as amended by section 13 The Localism Act 2011 the WMCA may do anything it considers appropriate for the purposes of the carrying-out of any of its functions.
- 7.3 Section 22 (i) of the West Midlands Combined Authority (Functions and Amendment) Order 2017 expressly states that the power pay grant is a function exercisable only by the Mayor with Section 22 (2) requiring the Mayor to seek the assistance of members and officers in the exercise of this function.
- 7.4 There are no direct legal implications identified as a result of this report. However, the proposals set out in this report will have legal implications and risks in the future which will be considered at the appropriate time through future reports as necessary.

## **8.0 Equalities Implications**

- 8.1 There are no immediate equalities implications in relation to this report. However, individual strategies and delivery schemes will need to take into account local area needs and local stakeholder needs to ensure the schemes benefit local residents, including harder to reach groups. To that effect equality impact assessments will need to be conducted to understand demographics, key inequality issues and how investment can help address key inequality gaps. Engagement and consultation with key equality stakeholders is also crucial.

## **9.0 Inclusive Growth Implications**

- 9.1 The proposals themselves are neutral when it comes to inclusive growth. However, implications will arise as investments are made and strategies are devised – in terms of

who benefits from those investments and in who is involved in shaping and contributing to them. As such, any programmes should be devised with the responsibility to deliver inclusive growth. The Inclusive Growth Framework and burgeoning Investment Toolkit can be as a guide to shape this process.

- 9.2 Current governance arrangements are satisfactory for building a strategic picture, but the shaping and delivery of specific programmes will need to involve a wider variety of stakeholders in order to be inclusive.

## **10.0 Geographical Area of Report's Implications**

- 10.1 The recommendations of this report apply to the whole of the WMCA area.

## **11.0 Other implications**

- 11.1 None.

## **12.0. Schedule of Background Papers**

- 12.1 None.

## Appendix 1

### Summary of WMCA goals and achievements for 2018

(Reproduced from report to Housing & Land Delivery Board December 2018)

2.1 The WMCA set itself some challenging goals (many of which were agreed with Government) e.g. at the meeting of the Housing & Land Delivery Board in February 2018 and in the landmark £350m Housing Deal which the region secured with Government in March 2018. These include:

- Increasing the supply of new homes to 16,500 new homes per annum (from 12,000 in 2017)
- Introducing a new quality of design through a regional design charter
- Development of a regional spatial investment and delivery plan (SIDP)
- Deployment of devolved housing and land funds to secure a step change in the quality, quantum and pace of housing and employment delivery (see Fig 1)
- An ambition for 80% of new housing supply on brownfield land
- Significant increase in diversity of housing types and tenures including the supply of new affordable and social housing
- Securing a nationally leading advanced methods of construction programme
- Unlocking stalled and complex sites through brokering and direct intervention
- Initiating a comprehensive town centre regeneration and renewal programme
- Developing genuine, attractive investment proposals to the market
- Securing new partnerships with developers and investors
- Taking on responsibility for the One Public Estate Programme, and
- Effective delivery of nationally significant projects and programmes.

**Fig 1: Devolved WMCA Housing and Land Funding\***

	<b>£620m</b>
<b>Land and Property Investment Fund</b>	<b>£150m</b>
<b>Brownfield Land and Property Development Fund</b>	<b>£50m</b>
<b>Collective Investment Fund</b>	<b>£70m</b>
<b>Housing Deal: Housing infrastructure Fund</b>	<b>£250m</b>
<b>Housing Deal: Land Fund</b>	<b>£100m</b>

\* Note: Since April 2019, additional funds have been made available for the Collective investment Fund (and additional £70m) and a new Residential Investment Fund (£70m) has been set up. Both are detailed in the Single Commissioning Framework effective from 1 April 2019

- 2.2 For the first 6 months of 2018, the work programme of WMCA's Housing & Regeneration Team was primarily focused on:
- Negotiating the landmark regional Housing Deal with government (the largest and most ambitious of any region)
  - Agreeing the terms of the £100m Land (Acquisition) Fund
  - Developing a Spatial Investment & Delivery Plan (SIDP), and
  - Submitting a full business case for £250m of Housing Infrastructure Funds.
- 2.3 Since Summer 2018 further work has progressed on:
- Development and launch of a high profile Town Centre Regeneration programme with 5 centres identified in a first wave of projects
  - Securing the first £165m of the HIF bid for Perry Barr and developing associated funding agreements with Birmingham City Council
  - Developing new supply proposals with new and existing housing associations
  - Production of a robust evidence base for new Government investment in the region's housing affordability challenge
  - Submitting a highly ambitious One Public Estate Bid to Government including proposals for a new regional public land disposals strategy and supporting database
  - Development of specification for a Single Commissioning Framework for all devolving housing and land funds for launch Spring 2019
  - Securing successful investment decisions by WMCA Board in housing and land (e.g. Phoenix 10, Walsall Waterfront, Chelmsley Wood, Coventry Telegraph site)
  - Unlocking a pipeline of stalled brownfield sites (e.g. Goscote Lane)
  - Development of a comprehensive programme of targeted investor and developer engagement and creation of robust investible propositions in growth corridors
  - Preparation of an investment prospectus for launch Spring 2019
  - Development of a WMCA Housing and Regeneration Business Plan to provide clarity on purpose, strategic goals, key milestones and deliverables
- 2.4 The role of WMCA which has evolved is centred on 4 key delivery-focused areas:
- Setting a strategic investment and delivery strategy to unlock housing and employment delivery on brownfield sites (e.g. SIDP, corridor investment frameworks, affordable housing delivery plan)
  - Attracting new and deploying existing public and private investment and expertise to support delivery (e.g. Investment Prospectus, investor engagement)
  - Building new and strengthening existing partnerships and relationships with investors, Government and other public sector organisations
  - Direct intervention and deal-making (e.g. joint ventures, site acquisition, site assembly, brownfield remediation).

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