



West Midlands
Combined Authority

Overview & Scrutiny Committee

Date	4 September 2023
Report title	Affordable Housing Supply Strategy
Accountable Chief Executive	Laura Shoaf, West Midlands Combined Authority email: laura.shoaf@wmca.org.uk
Accountable Employee	John Godfrey, Interim Executive Director for Housing Property & Regeneration email: john.godfrey@wmca.org.uk Rob Lamond, Head of Strategy & Analysis email: rob.lamond@wmca.org.uk

Recommendation(s) for decision:

The Overview & Scrutiny Committee is recommended to:

- (1) Note that work on developing an '*Affordable Homes Supply Strategy*', as commissioned by the WMCA Housing & Land Delivery Board, is progressing in light of the additional remit for Affordable Homes Programme in the region as confirmed in the Deeper Devolution Deal.
- (2) Note that this work to develop an integrated strategy will be co-developed with partners, directly supporting key policy agendas of WMCA and local authorities through enabling affordable housing delivery, and addressing issues of affordability in a co-ordinated and holistic way

1.0 Purpose

- 1.1 The purpose of this report is to update Overview & Scrutiny Committee on the emerging Affordable Homes Supply Strategy following the steers of the Housing & Land Delivery Board; the proposed approach to preparing the document; the indicative content (to be co-developed with partners); and the next steps.
- 1.2 The Strategy will contribute directly to WMCA policy objectives including enabling affordable housing delivery in line with the approved Housing and Land Portfolio Deliverables and WMCA aims including:
- **Aim 3:** *To connect our communities by delivering transport, and unlocking housing and regeneration of the WMCA Annual Business Plan*
 - **Aim 4:** *To reduce carbon emissions to net zero, enhance the environment and boost climate resilience by encouraging the use of Advanced Methods of Construction, Zero Carbon Homes and design quality.*
- 1.3 The Strategy will also be informed by and aligned with the recommendations of the Overview & Scrutiny Committee's 2021/22 "Helping to Deliver Affordable and Social Housing" review, in particular the recommendation of the Review Panel:

"That the WMCA, housing associations, Homes England and local authorities continue to work together to address the contradictions and challenges of the current system for delivery of affordable and social housing – recognising that the challenge cannot be addressed in isolation and it is a multi-faceted systemic issue where all agencies need to work together with a clear strategy for change."

2.0 Background

- 2.1 Housing affordability is widely recognised as a significant issue locally, regionally and nationally. The lack of genuinely affordable homes is a consistent issue raised in public surveys and research reports.
- 2.2 Despite the increase of overall new homes being delivered in the region in recent years, the issues of unaffordability and the housing market remaining out of reach for many of our residents persist. There is no panacea to the problem of affordability. The causes of unaffordability are multi-faceted and complex. Rising market prices and consumer demand outstripping wage increases, generational challenges, limited supply and regional variations are all factors that affect housing affordability in the West Midlands
- 2.2 There are also significant global and national trends including rapidly rising inflation, declining real income, increasing fuel poverty and interest rates. These trends are expected to further increase demand for affordable housing in the West Midlands.
- 2.3 Affordable housing is a cross-cutting regional issue and WMCA is working with local authorities, Homes England, housing associations, developers and investors to address the barriers to delivery and collaborate on solutions to these issues. The emerging "Affordable Housing Supply Strategy" seeks to provide clear ambitions, direction and outcomes for this work.
- 2.5 The vision underlying the anticipated Strategy is to ensure that local people can afford to live in decent homes in locations that meet their needs and thereby also support economic growth, increased productivity and Levelling Up.
- 2.6 The Strategy will also demonstrate WMCA's partnership-based approach to delivery on the ground.

3.0 Our approach

3.1 The key principles which will underpin our approach to developing this strategy are:

- WMCA working with Homes England, local authorities and other partners to ensure the supply of affordable homes meets local demand and need in terms of cost (property and running costs including fuel), tenure, quality, location, type and size
- Incorporate and align with WMCA and local authority strategies, policies, charters and frameworks including those related to net zero, brownfield first and digital connectivity
- Assessing the current challenges and barriers affecting affordable housing delivery, and exploring innovative options and solutions through a place based approach
- Working collaboratively across the affordable housing system to inform and influence the devolved Affordable Homes Programme post-2026
- WMCA acting in its capacity as a facilitator, enabler, co-investor, researcher and innovator to deliver more affordable homes for the region.

3.2 The success of the Strategy will depend on the WMCA continuing to prioritise close and effective partnership working with:

- Local authorities – who lead locally, and Arms Length Management Organisations (ALMOs)
- Homes England – national lead and key funder of Affordable Housing in England,
- Housing Associations – delivery partners with strategic links through the West Midlands Housing Association Partnership and the National Housing Federation
- For-profit Registered Providers – including Strategic Partners
- Other providers/organisations – working with potential partners including the Almshouse Association, Community Land Trusts, housing co-operatives, Shelter, the WMCA Homelessness Taskforce and others where WMCA can add regional value
- Developers – including through WMCA funded schemes and Section 106 requirements
- HM Government – to influence policy and resource allocation

3.3 The key will be working with partners to combine assets and resources in bespoke approaches to ensure that land, funding and delivery is aligned to maximise delivery.

4.0 Next steps

4.1 Since the last report to Overview & Scrutiny Committee on this subject (January 2023), the agreement of the Deeper Devolution Deal and the significant implications for the delivery of affordable housing in the region has resulted in a pause for strategy development in order to focus on the short term mobilisation and implementation of joint working with Homes England.

4.2 However, from September work is being commissioned to develop the strategy, in order to:

- Take forward the work, with partners, to co-develop an Affordable Homes Supply Strategy for endorsement in draft and final form
- Form a dedicated officer working group with representatives from local authorities, Homes England and sector groups to inform the thinking and delivery of the strategy

- Engage key industry bodies and representatives, including the WMCA Homelessness Taskforce and others, to assess and grip the latest research and ideas across the sector to shape the strategy
- Continue to engage in discussions with WMCA strategic partners to secure commitments to and views on the emerging strategy
- Monitor and evaluate the effectiveness of the Strategy against delivery on the ground.
- Ensure strategic links and connections between organisations, departments and service areas are maximised through the lens of affordability in its widest sense

5.0 Financial Implications

- 5.1 There are no direct financial implications arising from the Affordable Homes Supply Strategy paper. As noted in the report, progress is underway on the development of the Strategy and this activity will be undertaken from within the existing resources. There may be, in future, financial implications arising from decisions to progress projects in delivering against the Strategy but any such decisions would be subject to WMCA's approved governance and assurance processes.
- 5.2 Any WMCA investment into affordable homes delivery would be governed and administered through the WMCA Single Assurance Framework and in line with the accounting and taxation policies of the WMCA and HMRC.

6.0 Legal Implications

- 6.1 Under section 113A of the Local Democracy, Economic Development and Construction Act 2009 WMCA has the power to do anything which it considers appropriate for the carrying out of its functions and anything it considers to be appropriate for purposes incidental to its functions.
- 6.2 Article 10 of the West Midlands Combined Authority Order 2016 confers the functions of the constituent councils set out in Schedule 3 on the WMCA in relation to its area and these include the functions of the constituent councils under section 1 of the Localism Act 2011 to the extent that those functions are exercisable for the purpose of economic development and regeneration. This means that WMCA may do anything which it considers appropriate for the purposes of economic development or regeneration of the combined authority area.
- 6.3 Article 10 of the West Midlands Combined Authority (Functions and Amendment) Order 2017 WMCA confers Homes England's land and infrastructure function upon WMCA in relation to WMCA's area. WMCA can exercise these functions for the purposes of or incidental to the following objects:
- 10 (1) (a) to improve the supply and quality of housing in the combined area
 10 (1) (b) to secure the regeneration or development of land or infrastructure in the combined area
 10(1) (c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being
 and
 10(1) (d) to contribute to the achievement of sustainable development and good design in the combined area.

6.4 It is noted that the purpose of this report is to update Overview & Scrutiny Committee on the emerging Affordable Homes Supply Strategy and that the indicative content is to be co-developed with various partners including Homes England and local authorities and housing associations. WMCA will also engage with key industry bodies and representatives, including the WMCA Homelessness Taskforce and strategic partners to shape the strategy.

6.5 Legal advice should be sought at appropriate stages in the development and implementation of the Affordable Homes Supply Strategy to ensure compliance with governance and legal requirements and the necessary assurance frameworks.

7.0 Equalities Implications

7.1 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 developed through the charter 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.

8.0 Inclusive Growth Implications

8.1 The proposed Affordable Homes Supply Strategy will be used to inform WMCA's approach to growing the AMC sector, zero carbon homes and future homes standard to maximise economic benefits, housing quality and job/skills opportunities across the region's communities. Promotion of zero carbon homes and advanced manufacturing in construction have the potential to reduce household energy bills which should have a positive impact on occupier costs.

9.0 Geographical Area of Report's Implications

9.1 The recommendations of this report apply to the whole of WMCA's geographical area.

10.0 Other implications

10.1 None.

11.0. Schedule of Background Papers

11.1 None.