

WMCA Housing and Land Delivery Board

Date	25 October 2018
Report title	Housing and Land Funding
Portfolio Lead	Councillor Mike Bird
Accountable Chief Executive	Deborah Cadman, Chief Executive, WMCA
Accountable Employee	Gareth Bradford, Director of Housing and Regeneration, WMCA
Report has been considered by	N/A

Recommendation(s) for action or decision:

The WMCA Housing and Land Delivery Board is recommended to:

- 1 **Note** the positive progress in deploying devolved funds to deliver significant housing and employment outputs
- 2 **Note** the feedback from developers, councils and investors on opportunities to improve further access to the different housing and land funds in the region
- 3 **Endorse** the proposal to develop a **simpler, efficient and more transparent process** that is market leading in the UK for developers, investors and local councils to **access devolved housing and land funds** to unlock a step change in housing and employment delivery on brownfield land
- 4 Subject to agreement to above, **agree** to WMCA working with partners to develop within 6 months a single clear commissioning framework for all devolved housing and land funds
- 5 Subject to agreement to above, **agree** to WMCA developing a more consistent approach for deploying all devolved housing and land funds

- 6 **Endorse** the proposal to create a **clear set of criteria** that enables the Housing and Land Board to deploy funding in a manner which is consistent and more closely aligns deployment of land funds with delivering the strategic housing and regeneration goals of the WMCA and wider goals of the WMCA (e.g. inclusive growth toolkit).
- 7 Subject to agreement to above, **note** that a working draft proposal for a single clear commissioning framework built around a clear set of criteria will be presented to the December meeting of the Housing and Land Board.

1.0 Purpose

- 1.1 The purpose of this report is to review the existing processes for the utilisation of devolved housing and land funds and to specifically identify opportunities to enhance the operation of these funds. This is to ensure that the targets associated with such funding on housing delivery and job creation are achieved and exceeded. The report explicitly does not consider or make proposals in relation to the operation of other WMCA funds.
- 1.2 Getting this process right is critical - tranches of payment of funds from Government are now dependent on housing and employment outputs and spend being achieved from funds that have already been secured. Our bids for future funding will be more successful if we can show funding turns into outputs in the region and that we have exemplary delivery capability, capacity and assurance processes. A track record of proactive delivery and clear assurance is also required to attract essential private investment.
- 1.3 We have worked with councils, investors and developers to develop proposals that will maximise our ability to deliver the ambitious targets agreed by the Board and draw down tranches of HMG money. The report recommends preparing new WMCA assurance and commissioning frameworks which will ensure that the Housing and Land Board has clear oversight of delivery. This means we can all ensure timely and effective decision making, whilst allowing for administration of funds to be undertaken in various ways and by different bodies within that framework.

2.0 Background

- 2.1 First, all Leaders of the West Midlands have signed up to an ambitious target on supply of new homes (215,000 homes by 2031), on quality, on type (increasing utilisation of modular construction) and location (80%+ on brownfield land). Ambitious targets on employment have also been set by the WMCA Strategic Economic Plan including 500,000 new jobs and 1,600 ha of employment land by 2030. It is clear that those ambitious goals can only be achieved with significant new investment and a 'best in class' process for our key customers to access the funding they need when they need it.
- 2.2 Second, under the Housing Deal submitted by this Board to Government earlier this year and recent bids for HMG money for the region (e.g. HIF), the WMCA has been made increasingly responsible by Government for securing the delivery of the housing, employment and land remediation outputs associated with devolved housing and regeneration funds, so we must show clear delivery assurance and governance.
- 2.3 Third, and in light of feedback at the September Housing and Land Board, it is vital that funding decisions relating to the £610m of devolved housing and land funds, including the Housing Deal, are closely aligned to the strategic housing and regeneration goals of WMCA and link more closely to the wider goal of inclusive growth.

3.0 Success to date

3.1 The WMCA has a number of devolved funds which are to be utilised towards housing, employment and land remediation. These currently include:

Fund	Collective Investment Fund (CIF)	Land Remediation Fund (£200m total)	
		Brownfield Land and Property Development Fund (BLPDF)	Land and Property Investment Fund (LPIF)
Value	£70m	£50m	£53m (further £97m provisionally identified subject to performance of first tranche)
Managed by	West Midlands Development Capital	West Midlands Development Capital	Black Country LEP
Final decision	WMCA Leadership Team (up to £5m), Investment Board (£5m to £20m) or WMCA Board (£20m+)	Investment Board (£5m to £20m) or WMCA Board (£20m+)	Black Country Joint Committee

3.2 The various funds are making important contributions to securing the housing and regeneration goals of the WMCA set out in the WMCA Business Plan, Strategic Economic Plan and Housing Deal. Of the whole £270m devolved to date, £103.3m of funding has received final approval. The anticipated direct outputs associated with the approved funding are:

- 3,000 jobs created
- 80 hectares of remediated brownfield land
- 140,000 sqm of commercial floorspace
- 2,000 new homes

4.0 The Need for a More Consistent and Efficient System

4.1 The September 2018 meeting of the Housing and Land Delivery Board requested that the WMCA investigate whether there are opportunities to enhance the operation of the various funds detailed above to enable an even greater degree of consistency and more timely deployment. This will support the aspiration for the West Midlands to become the most frictionless region for investment in the country and gives the region the best possible chance for achieving its ambitious housing and employment goals.

4.2 **To address the question of greater consistency**, officers in councils and LEPs across the region have worked together to develop different options for improving consistency. *The clear consensus is that we should start to develop a single commissioning framework for all devolved housing and land funds. We understand from the private sector this would*

be greatly welcomed, significantly improving the opportunity to secure new and additional private sector interest and investment.

- 4.3 **To address the question of efficiency**, we have explored the processes for decisions to be made on funding having taken into account the differences in circumstances across the region. We have compared the funds being run in the region with those of land and investment funds elsewhere (e.g. Gloucestershire, Oxfordshire). The WMCA operated CIF and BLPDF currently use the WMCA commissioning processes. However, the LPIF currently operates a separate, and significantly different, commissioning process.
- 4.4 Different approaches respond to different local situations but, with an overarching funding package being made available across the region there is now the opportunity for a greater degree of consistency of approach to secure wider strategic objectives.
- 4.5 Our conclusion is to build on best practice, from both within the region and beyond, so that as far as possible we move all our systems for deciding on housing, employment and land remediation funds to a more efficient, consistent and appropriately flexible approach. It is suggested that this should include 3 steps of scrutiny (expert pre-scrutiny, senior officer scrutiny and recommendation, leaders decide). The system, including the governance and monitoring processes, will need to be developed in partnership over the coming months. As agreed at the September Housing and Land Board, the system should be founded on a clearly articulated set of principles and defined criteria.

5.0 Overarching principles

- 5.1 It is proposed the following overarching principles are used as the basis of developing the new approach:
- a) Funding as a whole must be prioritised to maximise overall financial and policy benefits. Working in partnership and a focus on delivery are key requirements to ensure that the process is as efficient and effective as possible to enable speedy decision making.
 - b) The process should ensure that the Housing and Land Delivery Board, who are responsible for the outputs that the funding seeks to achieve, are empowered to determine how such funding is utilised to ensure that it is used in the most appropriate manner.
- 5.2 A clear set of criteria need to be developed that encapsulate the strategic aims of the WMCA and how they relate to the utilisation of housing and land funding.

6.0 Developing the Criteria

- 6.1 It is suggested that the starting point for developing the necessary criteria are the key tenets of the housing deal (e.g. focus on brownfield land). These principles were developed further for the operation of the proposed Land Fund as considered by Housing and Land Delivery Board in July as part of the review of the draft Spatial Investment and Delivery Plan. Appendix 1 summarises these criteria and suggests some further areas for consideration in response to recent announcements and emerging proposals such as 5G and the affordable and social housing supply proposition being considered at this meeting.

6.2 The WMCA has a wider remit, notably inclusive growth and there is a need to develop criteria for other land uses. The criteria need to relate to the full range of WMCA housing and regeneration strategies and the types of schemes that are anticipated to seek funding. An agreed mechanism should also be in place for truly novel and unique proposals that fit the strategic goals of the WMCA, but have not been foreseen.

7.0 Financial implications

7.1 There are no financial implications identified as a result of this report. However, the proposals set out in this report may have financial implications in the future which will be considered at the appropriate time through future reports as necessary.

8.0 Legal implications

8.1 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 the functions corresponding to the functions of the Housing Community Agency has in relation to the combined area. Part 7 of the Mayoral of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers the power to pay Grant (pursuant to s31 of the Local Government Act 2003) to the Mayor with assistance of members and officers of the Combined Authority.

8.2 There are no direct legal implications identified as a result of this report. However, the proposals set out in this report may have legal implications in the future which will be considered at the appropriate time through future reports as necessary.

9.0 Equalities implications

9.1 There are no equalities implications identified as a result of this report. However, equality needs to form an integral element of the aims to be incorporated within the assessment process to ensure some of the key housing and other inequality issues are addressed.

10.0 Inclusive growth implications

10.1 There are no inclusive growth implications identified as a result of this report. However, the proposals set out in this report may have inclusive growth implications in the future which will be considered at the appropriate time through future reports as necessary.

11.0 Geographical Area of Report's Implications

11.1 In implementing the recommendations of this report regard will be given to the wider West Midlands Geography.

12.0 Schedule of background papers

9.1 Item 6 Housing and Land Delivery Report 17th July 2018 - Spatial Investment and Delivery Plan Update

- 9.2 Item 8 Investment Board 17th September 2018 – WMCA Collective Investment Fund (CIF) – Dashboard
- 9.3 Item 9 Investment Board 17th September 2018 – Brownfield Land and Property Development Fund (BLPDF) – Dashboard

APPENDIX 1 – Developing the criteria

Summary of key criteria in the draft SIDP considered by HLDB in July:

- More homes, with continuous improvement in the quality of homes and values while achieving excellence in placemaking
- Aspirational homes at multiple price-points with a range of unit sizes and types.
- More affordable homes
- Advanced methods of construction as the default, preferably using technology developed in the West Midlands
- Higher density development, particularly in central locations and along transport corridors and nodes
- Encourage new tenures and innovative approaches to existing tenures
- Brownfield first
- Employ apprentices and graduates resident in the West Midlands in designing and delivering development

Recent announcements and emerging proposals for incorporation into the criteria

- 5G Testbed
- Affordable and social housing supply proposition
- Town Centres Programme
- Local Industrial Strategy

Other areas for consideration:

- Inclusive growth
- Sustainability
- Health and wellbeing
- Employment land (industrial, logistics, offices etc.)
- WMCA as funder of last resort and opportunities for redeployment
- Prioritisation and exceptions