



Investment Board

Date	11 th November 2019
Report title	WMCA Housing & Land Portfolio: Summary of approach to WMCA site acquisitions and investments under the devolved Housing Deal Land Fund
Portfolio Lead	Cllr Mike Bird, Portfolio Lead for Housing and Land
Accountable Chief Executive	Deborah Cadman OBE, WMCA Chief Executive
Accountable Employee(s)	Gareth Bradford, WMCA Director of Housing and Regeneration (Accountable Director) David Warburton, WMCA Head of Land and Development (SRO)
Report has been considered by	The acquisition and investment case papers to be considered under the Private part of this Investment Board were reviewed by WMCA Investment Advisory Group on 28 th October 2019

Recommendation(s) for action or decision:

The Investment Advisory Board is recommended to note:

- a) The approach taken to acquisitions and investments due to be considered by the Investment Board today under the Housing and Land Portfolio of WMCA.

1.0 Purpose

- 1.1 This Paper provides a summary of the approach taken by WMCA in developing the case papers for those acquisitions and investments due to be considered by the Investment Board today under the WMCA Single Commissioning Framework including those utilising Housing Deal Land Fund investment. This is a fund within the WMCA Housing and Land Portfolio of up to £100m devolved to WMCA by HMG.
- 1.2 The Paper is provided as an information note to provide context to and support the discussion and consideration of individual acquisitions and investments before the Board under the Private part of today's Investment Board Agenda

2.0 Rationale and Summary

- 2.1 The Investment Board will today be discussing a further suite of investments and acquisitions under the Housing and Land Portfolio – demonstrating the significant impact the WMCA continues to make in relation to brownfield sites where there is identified market failure for the express purpose of unlocking and accelerating housing and commercial delivery in the pursuit of inclusive growth.
- 2.2 The investments and acquisitions before the Board today all contribute to our WMCA Annual Plan, the approved Housing and Regeneration Business Plan and the key outputs, and are fully compliant with criteria for devolved funding agreed with HMG in the March 2018 Housing Deal. All sites have the backing of the relevant local council and have been drawn from the regional sites pipeline.
- 2.3 In terms of procedure, each scheme has been taken individually through the extensive Single Commissioning Framework Gateway Assurance and testing process agreed by the WMCA Board in April 2019 before being submitted to this Investment Board (the process agreed with MHCLG during the Housing Deal in 2018 and based on best practice nationally for real estate investment and acquisitions). Most projects and schemes were identified in the Housing Deal work undertaken jointly with HMG in Summer 2018.
- 2.4 Each scheme fulfils the requirements of the Single Commissioning Framework agreed by WMCA Board in 2019, including the Benefit Cost Ratio tests established with HMG. All schemes achieve the recovery rates set by HMG for the Housing Deal Land Fund, and all acquisitions are verified against an independent Red Book valuation, with appropriate provision made for WMCA site holding costs including potential rates voids and security provision.
- 2.5 WMCA wishes to thank the private and public sector partners who have worked closely with the WMCA team to bring such an extensive pipeline of opportunities to this Board.

3.0 Assurance

- 3.1 As with the approach already taken by this Investment Board to major housing and regeneration schemes (such as Friars Park in March 2019), the WMCA Accountable Director and SRO have undertaken the necessary assurance and confirm each scheme:
 - a) Complies fully with the terms and conditions of the WMCA Single Commissioning Framework (agreed at April 2019 and as amended October 2019);
 - b) Complies fully with the market failure test included in the Single Commissioning Framework;



- c) Will meet the Benefit Cost Ratio test set by HMG for the Housing Deal in March 2018;
- d) Achieves the recovery rates agreed by HMG for the Housing Deal in March 2018;
- e) Will be subject to a satisfactory full independent RICS Red Book valuation;
- f) Will be subject to all necessary due diligence and technical appraisal;
- g) Has sufficient planning certainty to provide delivery assurance;
- h) Has a development partner on board (for investments), or has a clear route to delivery (for acquisitions);
- i) Papers have been submitted to WMCA Investment Advisory Group for consideration prior to this Investment Board and amended where appropriate;
- j) Is supported for approval today by the relevant Local Council, the WMCA Portfolio Holder, WMCA Housing and Regeneration Director (Accountable Director) and WMCA Head of Land and Development (SRO).

3.2 Individual project Case Papers will be considered in the Private part of the Agenda of this Investment Board.

4.0 Financial Implications

4.1 The Paper provides context only, with commentary on the financial implications of individual sites and projects provided in the relevant project case paper to be considered in the Private part of this Investment Board.

5.0 Legal Implications

5.1 The Paper provides context only for noting, with commentary on the legal implications of individual sites and projects provided in the relevant project case papers to be considered in the Private part of this Investment Board.

6.0 Schedule of Background Papers

6.1 Annex: 'Building the Future: a Guide for Investors and Developers to the West Midlands Combined Authority's Single Commissioning Framework'.