



Housing & Land Delivery Board

Date	27 April 2020
Report title	Affordable Housing Delivery Vehicle Update
Portfolio Lead	Councillor Mike Bird, Leader, Walsall MBC
Accountable Employees	Gareth Bradford, Director of Housing & Regeneration (Accountable Director) Pat Willoughby, Head of Policy (Housing & Regeneration) (Accountable SRO) Rob Lamond – Strategic Delivery Advisor (Report Author)
Report has been considered by	The proposal to create an Affordable Housing Delivery Vehicle has been considered at various meetings of the Housing & Land Delivery Board

Recommendation(s) for action or decision:

The Housing Land & Delivery Board is asked to:

- Note the strong progress that has been achieved collectively since the meeting of the Housing & Land Delivery Board of November 2019 on creating a Collaborative Delivery Vehicle.

1.0 Purpose

- 1.1 The purpose of this paper is to update the Housing & Land Delivery Board on progress in developing the Board's proposal for an Affordable Housing Delivery Vehicle with a number of Registered Providers operating in the West Midlands. As a reminder, the key purpose was to create a dedicated vehicle to unlock challenging brownfield opportunities in the region which would not come forward through other means – providing added value to the work of the WMCA under the Single Commissioning Framework, local housing partnerships, Homes England and local authorities on affordable housing delivery. A particular focus has been addressing the questions raised by members during the Housing & Land Delivery Board discussion and by officers before and subsequently.

2.0 Background

- 2.1 In March 2018 the Government's Housing Deal with the West Midlands agreed the region would work up a new dedicated partnership proposal to deliver affordable homes with the West Midlands Housing Association Partnership. The Housing & Land Delivery Board agreed in February 2019 that a key part of its cross-cutting affordable housing policy and delivery programme throughout 2019 and 2020 was the creation of a dedicated new "Affordable Housing Delivery Vehicle". This was subsequently endorsed as a key 2020/21 Housing and Land portfolio deliverable by the WMCA Board
- 2.2. Discussions have been ongoing with the West Midlands Housing Association Partnership (WMHAP) and the National Housing Federation (NHF) ever since the Housing Deal was signed in March 2018 regarding proposals and ideas for a bespoke affordable housing delivery vehicle to help secure affordable housing delivery above and beyond those of housing association committed and approved business plans.
- 2.2 As a reminder, the current concept agreed in principle by Housing and Land Board in November 2019, looks to bring together the combined expertise and resources of six of the largest housing associations within the region to form a dedicated Limited Liability Partnership known as West Midlands Housing Association Partnership Investments (WMHAPI). In conjunction with the Combined Authority, the idea is that this proposed venture would seek to combine the assets, capital, expertise and networks of all the partners to the vehicle (as appropriate and necessary) and wider public sector to accelerate delivery and additionality, recycle investment to create long term value and benefits, unlock stalled "difficult to deliver" sites, and unlock challenging brownfield sites land along key transport corridors.
- 2.3 At its meeting in November 2019 the Housing & Land Delivery Board approved four underpinning criteria for the WMCA's continuing development of these proposals, namely:
1. To comply with the criteria and governance systems set out in the WMCA Single Commissioning Framework (SCF) and all related assurance processes
 2. The vehicle must explicitly deliver additional homes overall and especially affordable homes against the SCF affordable housing definition to meet local need on Brownfield land
 3. To be clearly and demonstrably addressing market failure and providing real added value – i.e. delivering sites that evidently cannot be brought forward by the private sector, public bodies or individual housing associations, as part of a blended pipeline of sites
 4. To provide an appropriate return on any WMCA investment.

3.0 Current position

- 3.1 The Affordable Housing Delivery Vehicle proposal has progressed significantly in recent months against these criteria. The WMCA team would like to thank officials from across the region and the NHF for their support, challenge, questions and guidance in the creation, refinement and development of this work. This progress includes:
- Establishing a project working group of representatives of the WMCA, WMHAP and legal advisors to develop the governance and business models for the proposed vehicle

- Preparing a draft Memorandum of Understanding between the parties to set out the joint commitment to the criteria the Board set out
- Development of a robust Green Book compliant business case that will be provided to the Housing & Land Delivery Board and Investment Board, including business modelling for example sites to show indicative delivery outputs, cashflow, returns etc.
- Drafting a Heads of Terms document for the proposed vehicle to establish the structure, governance and operating principles to help guide the next stage of work on the vehicle proposal
- Establishment of an internal WMCA project group consisting of representatives from Housing & Regeneration, Assets, Legal, Finance, Investment and Procurement to assess and advise on all aspects of the proposal and ensure that all internal governance and processes are adhered to.
- Progress by the relevant housing associations, in parallel with the WMCA approval process, on their respective governance to confirm commitment to and scope of investment in the proposed vehicle.
- Engagement with local authorities and housing professions across the region to ensure the vehicle adds value to local housing partnerships and complements the work of local authorities on affordable housing delivery.

3.2 The partners consider the Delivery Vehicle has the potential to deliver a significant range of outcomes, including:

- Increasing the number of affordable homes built in the region
- Broadening the range, mix and supply of homes available to residents
- Addressing market failure to unblock dormant sites
- Maximising delivery on brownfield land across the region
- Trailblazing the implementation of WMCA's affordable housing and inclusive growth objectives, including outcomes for social value, economic growth, education and skills impact and sustainability.
- Leveraging investment across partners to maximise returns on funding and reinvesting proceeds into further stages of development
- Establishing an inclusive and collaborative regional approach - maximising local expertise, assets, networks and partnerships that demonstrates an innovative approach to collaboration with local anchor institutions
- Exemplifying WMCA's role as a change agent and placemaker for the region through working in partnership with established anchor institutions.

4.0 Next steps

4.1 Agreement of the Memorandum of Understanding is the next key milestone for the proposed Affordable Housing Delivery Vehicle, and this is expected to take place in the coming weeks.

4.2 The subsequent business case to the Housing & Land Delivery Board and Investment Board will follow with a target date of June/July 2020. Subject to approval, the vehicle will then be established with an agreed business plan and operating model for an initial phase beginning in 2020/21

4.3 Subject to approval, the initial phase of sites is intended to demonstrate proof of concept for the vehicle and test the approach.

4.4 The work continues to show the Delivery Vehicle has the potential to contribute significantly to the region's collective ambitions for securing significant additional affordable housing.

5.0 Financial Implications

5.1 There are no direct financial implications from the information contained in the report. The Single Commissioning Framework provides a single set of criteria and governance systems that will be applied to all applications for available devolved WMCA Housing, Land and Property Development funds, together with a consistent process and timelines for decision.

5.2 WMCA investment in the proposed Delivery Vehicle would be governed and administered through the Single Commissioning Framework and WMCA Assurance Framework, and in line with the accounting and taxation policies of the WMCA and HMRC.

6.0 Legal Implications

6.1 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. Paragraph 10 (2) (a) of the 2017 Order confers the function of improving the supply and quality of housing to the Combined Authority, 10 (2) (b) to secure the regeneration or development of land or infrastructure in the combined area, 10 (2)(c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and 10 (2)(d) confers the function of contributing to the achievement of sustainable development and good design.

6.2 It is noted that the Affordable Housing Delivery Vehicle proposal has progressed significantly in recent months to include the drafting of a Heads of Terms document for the proposed vehicle in order to establish the structure, governance and operating principles for the next stage of work. Also noted is the establishment of an internal WMCA project group which includes legal representation to provide legal input. This will enable appropriate governance structures and legal agreements to be put in place at the relevant stages. Any co-investments including grant and/or loan funding from WMCA will need to comply with the criteria and governance systems set out in the WMCA Single Commissioning Framework and will need to be considered on a case by case basis

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 delivery vehicle 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 Delivery Vehicle would operate via the WMCA's Single Commissioning Framework which includes Inclusive Growth outcomes including affordable housing, use of local labour and suppliers, and quality of design and placemaking as part of the key criteria for investment of Combined Authority funds.

The proposed Vehicle will establish key outcomes and measures relating to Inclusive Growth as part of the business case.

9.0 Geographical Area of Report's Implications

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

10.0 Other implications

- 10.1 None.

11.0. Schedule of Background Papers

- 12.1 None.