



## Housing & Land Delivery Board

<b>Date</b>	19 <sup>th</sup> January 2022
<b>Report title</b>	Affordable Housing Programme: Update
<b>Portfolio Lead</b>	Councillor Mike Bird, Leader, Walsall MBC
<b>Accountable Employees</b>	Gareth Bradford, Director of Housing & Regeneration Rob Lamond, Strategic Planning Manager
<b>Report has been considered by</b>	<ul style="list-style-type: none"><li>• 2020 and 2021: Reports detailing the progress of the Affordable Housing Programme have been received by Housing &amp; Land Delivery Board throughout 2020 and 2021</li><li>• December 2021: A presentation covering this subject was received by Delivery Steering Group</li></ul>

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

The Housing & Land Delivery Board is recommended to:

- a) **Note** progress in the development of a full business case for the Affordable Housing Delivery Vehicle proposal and pilot schemes for approval in Spring 2022.
- b) **Note the ongoing collaboration** between housing associations, the National Housing Federation, Homes England, the WMCA and local authorities to develop a strategic approach to investment, delivery and innovation in the supply of affordable homes across the region.

## **1.0 Purpose**

- 1.1 The purpose of this paper is to update the Housing & Land Delivery Board on the work of WMCA's affordable housing programme and ongoing collaborations with regional partners.
- 1.2 This includes an update on the proposed Affordable Housing Partnership with regional housing associations, which is scheduled for decision by the Housing & Land Delivery Board in March 2022, alongside an update on wider collaboration with partners in the region.

## **2.0 Background**

- 2.1 As part of the formal process to determine the WMCA's budget, levy and precept levels, the WMCA Board approves each portfolio's annual deliverables. The Deliverables for the Housing and Land Portfolio were presented in draft at the WMCA Board of 15th January 2021 and agreed by the WMCA Board on 12th February 2021. The "Affordable Housing" programme was included as part of this process. This report provides an update on the latest progress with regard to recent key activities and key developments under the affordable housing work programme.
- 2.2 In addition, the draft High-Level Deliverables for 2022/23 are due to be agreed at WMCA Board in February 2022. The Housing and Land Aims and Objectives for 2022/23 include the draft deliverable to "*Support and enable Affordable Housing Delivery including new joint venture and Registered Provider / Homes England partnerships*".

## **3.0 Affordable Housing Delivery Vehicle - Update**

- 3.1 The proposal to establish a joint delivery vehicle with several of the major housing associations located in the West Midlands has been in development since 2019 and subject to several reports and updates to the Delivery Steering Group and Housing & Land Delivery Board in 2020 and 2021.
- 3.2 In January 2021, the Housing & Land Delivery Board endorsed the background, strategic context and rationale for developing a proposal between WMCA and a select group of housing associations, and agreed a programme of work to develop a Full Business Case to be prepared for approval by Investment Board and full WMCA Board in due course. From the outset of these discussions, the focus was on a regional proposition to help address regional conditions and provide additionality.
- 3.3 Since Board endorsement, work has been ongoing to develop legal and commercial principles, the full business case, the business model for the proposed vehicle and the governance processes for any subsequent approved investment into the venture. An internal group of WMCA officers, including representatives from Finance, Legal, Investment and Assets teams has maintained this momentum, in recognition of the good practice and lessons learned from the Marches/Help To Own proposal development. In addition, there is ongoing engagement with Homes England to ensure

that the proposed vehicle can access the relevant funding programmes and address joint priorities through partnership working.

- 3.4 Significant progress has been made in recent months regarding the proposed vehicle and its potential to deliver **additional affordable homes** beyond those already being delivered in the region. To summarise, in line with the **clear steers provided by the Housing & Land Delivery Board** the business case for the proposed vehicle is focused on the key principle of **maximising** affordable housing delivery on all potential schemes, alongside commitments to low carbon, Advanced Manufacturing in Construction, and wider inclusive growth requirements, social returns and benefits. The housing association partners are developing delivery proposals for example schemes and a Programme Board of officers has been convened to manage the progress of the full business case to Investment Board. Central to these proposals will be the vehicle's potential to **deliver significantly more affordable housing on sites than other development models**, through deployment of National Affordable Housing Programme funds secured by the housing associations via Homes England. In so doing, this approach will help to maximise investment into affordable homes in the West Midlands and secure multiple benefits and outcomes for the region. Dialogue between WMCA, the housing associations and Homes England is ongoing and extremely positive with a collective goal of accelerated delivery of affordable homes and additionality in the region.
- 3.5 Workstreams have also been established with the housing association partners to jointly co-develop the business case for WMCA's Housing & Land Delivery Board and Investment Board in Spring 2022, with the intention that the proposed vehicle could demonstrate, and operationally exemplify, the collaborative approach central to the regional affordable housing programme from 2022 onwards. This includes the development of scheme plans for proposed sites that could deliver 100% affordable homes provision, subject to approval.
- 3.6 As set out in previous reports, the AHDV proposal has the potential to deliver multiple benefits to the WMCA and the region, for example:
- It maintains influence over the **quality, delivery and community benefits** of developments through this vehicle
  - It secures further investment into affordable housing in the region, and delivers **genuine additionality** above the existing delivery plans of providers
  - It **attracts and recycles investment** into further schemes, and provides impetus to further delivery of additionality
  - It implements policy objectives **centred on additional affordable housing**, design, construction, brownfield development, and promoting inclusive growth.

#### **Indicative Timeline for Next Steps**

- 3.7 The next steps and proposed timeline all parties are working to are included below:
- Continued working group engagement: January 2022

- Demonstrator scheme(s) site design viability to be finalised: January 2022
- Draft AHDV Business Case completion: January 2022
- AHDV Programme Board: Early February 2022
- Consultation with Overview & Scrutiny Working Group: February 2022
- Final AHDV Business Case completion: February 2022
- Final AHDV Business Case Housing Association Board approval: February 2022
- Final AHDV Business Case Strategic Asset Board endorsement: February 2022
- Final AHDV Business Case Housing & Land Delivery Board approval: March 2022
- Final AHDV Business Case Overview & Scrutiny: March 2022 (TBC)
- Final AHDV Business Case WMCA Board approval: March 2022 (TBC)

#### **4.0 WMCA/WMHAP Partnership Board**

- 4.1 In parallel with the ongoing development of the joint partnership proposal detailed above, and in recognition of the wider shared remits, objectives and ambitions of housing associations and WMCA, a broader WMCA/WMHAP Partnership Board is being established to further embed this collaborative approach.
- 4.2 The West Midlands Housing Association Partnership (WMHAP) is a collection of over 30 Housing Associations operating in the region, which seeks to address the “*supply of good quality housing to support growth of the regional economy; homelessness; health and wellbeing; and productivity and skills*”. Housing associations provide homes and support for almost six million people around England. They offer social homes, shared ownership homes, some market homes to rent and buy and essential supported and specialist housing. They also invest in community services and regeneration, provide support to vulnerable people and reinvest all their income into delivering their social purpose. In the recent announcements of Strategic Partnerships with Homes England, housing associations active in the West Midlands secured over £1bn of funding for affordable homes between 2021 and 2026.
- 4.3 The Partnership Board is intended be held on a quarterly basis from February 2022 and provide a forum for strategic priority development on areas including (but not limited to): investment and delivery in the region, regeneration and placemaking, collective engagement with HM Government and other stakeholders, addressing the carbon challenge and Net Zero construction, advanced methods of construction, labour supply and skills development, supply chains and market trends.
- 4.4 This is a welcome strengthening of the relationship between Housing Associations and WMCA on the issues relating to and influencing the delivery of affordable housing. Updates and progress reports from the Partnership Board will be provided to the Housing & Land Delivery Board on a regular basis.

#### **5.0 Financial Implications**

- 5.1 There are no immediate financial implications in relation to this report. However, any financial implications associated with example schemes and the associated site designs will be taken into account and directed through the correct governance protocol.

#### **6.0 Legal Implications**

- 6.1 There are no immediate legal implications in relation to this report. However, governance processes, including Legal and Procurement implications, are being

discussed as part of the ongoing development of legal and commercial principles of the Affordable Housing Delivery Vehicle (AHDV) structure and any subsequent investment. Trowers & Hamlin have been commissioned to provide Legal and Procurement advice to WMCA in respect of the proposed venture. These implications will be taken into account as part of the full AHDV Business Case proposal.

## **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 commercial land development fund benefit local residents, including harder to reach groups.

## **8.0 Inclusive Growth Implications**

8.1 The proposed new funds will enable investment in sites encouraging housing, business growth and new jobs in local areas. The physical fabric of local environments will see significant improvement where once blighted brownfield sites are transformed into areas of thriving activity. This in turn will lead a better quality of life for existing residents.

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

9.1 The implications of this report cover the whole WMCA geography.

## **10.0 Other implications**

10.1 None.

## **11.0. Schedule of Background Papers**

11.0 None.