



Overview & Scrutiny Committee

Date	12 January 2023
Report title	Affordable Housing Supply Strategy: Update
Portfolio Lead	Cllr Mike Bird, WMCA Portfolio Lead for Housing and Land
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Recommendation(s) for decision:

Overview & Scrutiny Committee is recommended to:

- a) **Note** progress with developing an '*Affordable Homes Supply Strategy*', as commissioned by the WMCA Housing & Land Delivery Board, to help drive the increased provision of a range of affordable homes within the region to meet local needs and establish the West Midlands as the leading UK region in terms of affordable homes policy and delivery;
- b) **Note** that the product of this work will be an integrated strategy, **co-developed with partners**, that directly supports key policy agendas of **WMCA and local authorities** through enabling affordable housing delivery and driving delivery of Future Homes and design quality and the Trailblazer Devolution Deal proposals to HM Government;
- c) **Discuss and consider** the further potential contents and remit of an Affordable Homes Supply Strategy as set out in the report.
- d) **Support and endorse** the next steps as set out in this report.

1.0 Purpose

- 1.1 The purpose of this report and slide pack is to set out the work to date on the preparation of an Affordable Homes Supply Strategy following the steers of the Housing & Land Delivery Board; to invite discussion on these matters and 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 Deliverables of the WMCA 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 is both a facilitator (through attracting and retaining workers) and direct driver (through construction sector and supply chain activity) of social and economic growth. It is also a key contributor to other policy objectives including health, educational attainment, life chances, and wellbeing – all of which are key to enhancing productivity, opportunity and growth. Housing can also be an important land use in delivering transformational change in areas such as town centres and those in need of regeneration. Affordable homes that reflect local circumstances are critical to meeting local needs and supporting growth.
- 2.2 There are 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 Research for the National Housing Federation and Crisis estimates the level of housing need nationally at 145,000 affordable homes a year compared to 52,000 delivered in 2020/21 in England. In addition, investment is required in the existing stock including for fire safety, wellbeing and retrofitting for decarbonisation. A key issue in terms of increasing supply is assembling/securing suitable sites and ensuring sufficient funding is available. Increasing the annual supply of affordable housing will require an increase in capital funding for the sector. Analysis by Legal & General estimates that increasing annual supply nationally to 145,000 homes will require £34 billion of additional capital funding per annum.
- 2.4 Affordable housing is a cross-cutting regional issue and WMCA is working with local authorities, Homes England, housing associations, developers and investors to ensure that the barriers to delivery are addressed.

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 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 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
- support WMCA asks on deeper devolution through the Trailblazer Devolution Deal process
- WMCA will act 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 SCF 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.

4.0 Next steps

4.1 The next steps in preparing the strategy are for WMCA 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 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.

4.2 The further potential contents and remit of an Affordable Homes Supply Strategy are set out in the supporting slides (attached in Annex A).

5.0 Financial Implications

5.1 There are no direct financial implications arising from the Affordable Homes Supply Strategy paper. 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 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives WMCA 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 WMCA. 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 purpose of this paper is to highlight the decision by the Housing & Land Delivery Board to commission an Affordable Homes Supply Strategy to drive affordability in the region, as a scope of work for discussion. It follows the work on affordability in the region, including the regional definition of affordability and the aim to attract further partnership working in the West Midlands and enhance and create opportunities for delivery on the ground.

6.3 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 Single Commissioning Framework should be strengthened to ensure consistency of implementation of affordability requirements into the funding agreements 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 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.