

## Housing Investigation October 2022

### Recommendations and Action Plan – draft v0.2

Recommendation	Agreed Action Responsibility	Due date
Acquisition valuations should more clearly reference assumptions, and these should be articulated in decision making reports.	<p><b>Agreed action:</b> All future valuations will be based on current market conditions and prevailing planning policy and all assumptions will be made clear within any related decision-making reports.</p>	With immediate effect
WMCA should reconsider the practice which appears to be commonplace of instructing valuers to assume no S106/affordable housing provision.	<p>Where assumptions are being made, a valuation based upon the Open market Value without assumptions and one with assumption (stating what these are) shall be included in the decision making document, together with an explicit statement as to the risks associated with those assumptions and any mitigants.</p> <p>Any variation to the proposed use will have an alternative valuation undertaken for comparison.</p> <p><b>Responsibility:</b> Nigel Ford, Head of Property &amp; Strategic Assets</p>	
Given WMCA's (current) policy requirement to ensure 20% affordable housing on sites it supports and the potential confusion that this can cause, CBRE would suggest that valuations should include a market valuation in line with recommendation 2 above, accompanied by a valuation which includes the assumption of 20% affordable housing. These should be referenced in reports to Investment Board etc.	<p><b>Agreed action:</b> All acquisitions and disposals to have both an open market value reflecting current market conditions and local prevailing planning policy alongside any valuation that reflects a different proposal e.g. higher affordable nos.; density; net zero carbon; any construction requirements (e.g. modular), design quality etc. that is prevailing WMCA corporate policy or a scheme specific requirement.</p> <p><b>Responsibility:</b> Nigel Ford, Head of Property &amp; Strategic Assets</p>	With immediate effect with any new acquisition or disposal with full policy/procedure in place by end March '23.
There is need for WMCA to review its decision-making process for all housing and regeneration investments including those to Investment Panel and Investment Board. This review should include the Directors of Housing and Regeneration, Finance, and Governance.	<p><b>Agreed action:</b> Review of process to be undertaken, including of the report template, clearance and sign-off process and terms of reference for Investment Board and Investment Panel. Review training needs of Investment Panel members to ensure there is clarity over their role and purpose.</p> <p><b>Responsibility:</b></p>	June '23 – to align with WMCA AGM.

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	Dan Essex, Governance Services Manager	
<p>Where there are cases when the approval body (Executive Director, Statutory Officers, Investment Board or WMCA Board) might choose to exceed red book valuations for sites such as the costs of CPO, or strategic rationales to assemble wider sites then these should be articulated and where possible quantified.</p>	<p><b>Agreed action:</b> This will be a standard approach for all future acquisitions and equally for any sale under market value to reflect any constraints / obligations that the market would not normally withstand. Subject to approval of new procedure and stance to be verified by Strategic Assets Board.</p> <hr/> <p>Where there is a recommended sale below market value or acquisition above market value, recommendations will need to be explicit in the wider benefits of such a decision given the role of WMCA in regeneration and other outputs e.g. acting as a catalyst to stimulate additional external investment. The decision should be documented to note what has been considered.</p> <p>Before Investment Board approval schemes must be signed off by statutory officers under delegated sign off.</p> <p><b>Responsibility:</b> Nigel Ford, Head of Property &amp; Strategic Assets</p>	<p>With immediate effect for all new acquisition or disposals, and full policy and procedure in place by end March '23.</p> <p>With Immediate effect.</p>
<p>Where grants are being made to developers, reports should set out more clearly the rationale for acceptable market norms for profit margins where this is used as a justification for the amount of grant to be paid.</p>	<p><b>Agreed action:</b> Investment Case reports to include agreed text setting out profit margin rationale and market comparisons as part of standard template.</p> <p><b>Responsibility:</b> Nigel Ford, Head of Property &amp; Strategic Assets Rob Lamond, Head of Strategy &amp; Analysis (Housing, Land &amp; Regeneration)</p>	<p>Feb '23</p>