

How do we deliver affordable housing across the West Midlands?

Roundtable report, April 2023

Dr Halima Sacranie

Chair, Housing and Communities Leadership Board,
Centre for the New Midlands



Centre for the New Midlands

An independent, apolitical not-for-profit think tank.

Our aim is to develop and promote new ideas to enrich the lives of the citizens and to enhance political discourse across the Midlands region.

Through our collaboration with industry and academia, we will discover new solutions to some of our region's biggest social and economic challenges and help to shape a 'New Midlands'.



Reimagining the Region

The member network group for the Centre for the New Midlands.

Made up of passionate, like-minded organisations, our purpose is to contribute to the West Midlands becoming an even better place to live, work, play, study and invest in.

Working collaboratively, we come together to create a more coherent vision for our region and to establish a stronger voice for the region as the government seeks to 'level-up'.



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Foreword



Gary Fulford,

Group Chief Executive, whg

A safe and secure home is fundamental to living a successful life and vital to a strong and thriving economy. Yet it is widely accepted that the UK housing system is broken - we are in crisis. Homeownership is becoming a far-off fantasy for many young people and competition for private rented properties is fierce. These factors combined make these housing tenures increasingly unaffordable for far too many and the supply of affordable, social housing has failed to keep pace with demand over decades.

I have spent most of my professional life working in social housing in the Midlands. I know that if we are to fix the system and have any hope of 'levelling up' we must look at tenure and affordability, just as much as absolute supply. Research by the NHF and Crisis in 2019, from the Heriot-Watt University, identified a need for 145,000 new affordable homes each year to 2031. In the Black Country town of Walsall, where whg provides the majority of social homes for rent, we have a waiting list of more than 18,000 households but let an average of 1,200 properties each year. A waiting list almost equal to the number of homes we own is just one stark illustration of how unsustainable the situation has become and the Everest-sized challenge we are facing.

There is no silver bullet to solving a crisis that has been decades in the making. This requires wholesale reform of a housing and planning system that was conceived in another generation. We can and must collaborate, work in partnership and harness the art of the possible to supercharge our efforts to deliver the housing our region needs.

It is against this backdrop that whg joined RSM and the Centre for New Midlands to discuss how we do just that. How do we work together to deliver new affordable housing for the West Midlands and what do we need from our policy makers to make it happen?

The Centre for New Midlands formed with a mission to debate, shape and create a better region. Working with the Centre to bring together diverse voices from across the public, private and not-for-profit sectors to help map out a collective vision for delivering desperately needed affordable housing in the West Midlands has never been so important.

This region is not without ambition. The trailblazing devolution deal negotiated by West Midlands Combined Authority and Mayor Andy Street was announced the day before our roundtable met. It is a welcome step-change for the future delivery of affordable homes in the West Midlands and ensuring decisions are made as close as possible to the people they affect, must be a good thing.

The challenge is clear and the prize is there for the taking. We need to collectively meet this head-on, with the necessary vision and willingness to deliver change.

We look forward with passion and determination to working with the Centre for New Midlands and others to play our part. I believe this is just the start of a new chapter where the region can take charge of its own destiny by putting a safe, secure and affordable home for all at the heart of its ambition.

Executive summary



Dr Halima Sacranie

Chair of CNM Housing and Communities Leadership Board

On 16 March 2023, the Centre for the New Midlands held an affordable housing roundtable at Eighteen, 103 Colmore Row in Birmingham. This was attended by 18 senior leaders representing the public, private and not-for-profit sectors all working to deliver affordable housing in the West Midlands region.

The aim of this roundtable was not simply to agree on the extensive barriers preventing our region from delivering the affordable homes we so urgently need. Rather the discussion focused on reframing what affordable housing means for different stakeholders in the region, how we might work collaboratively to overcome barriers and enhance affordable housing supply and drawing together a set of key policy priorities to support the delivery of more affordable homes.

It is evident that moving onto the next steps for the housing sector like the transition to net zero will prove more difficult without seeking first to address

strategically some of the structural issues within the housing market proving to be problematic and counterintuitive to affordable housing delivery.

Senior and committed political leadership is needed to prioritise this critical area of public policy and to begin to address these structural challenges in the housing market including house price and private rented sector (PRS) rent inflation, alongside the planning barriers which have created a dysfunctional housing system where the market cannot be left to provide the volume of affordable homes needed. Policies like the Right to Buy policy continue to curtail the already limited supply of social housing, further residualising the social housing sector. Stock rationalization within the existing affordable housing sector necessitates that approaches to increasing affordable housing supply encompass both existing and new affordable housing.

Some consideration is given to the changing definition and conception of affordable housing, taking into account policy definitions, what affordable housing means for different stakeholders, the void and interplay between affordable and social, and how affordable housing should be more than the cost of housing at the point of delivery, but rather more meaningfully include the cost of living in that home. Missing stakeholder voices were also noted including communities and those who cannot access affordable housing, and on the other end of the spectrum voices from finance and private equity who could help diversify affordable housing supply.

Strong arguments are made about the need to make numbers stack up, the financial viability and business case for social housing, particularly in the context of best value procurement legislation.

Capturing social value over the lifetime of social housing is seen as crucial to making that business case. A cost/ benefit analysis of social housing should include not just savings from not incurring costs like increasing temporary accommodation bills, but longer-term health and wellbeing outcomes, particularly for children.

A regional housing approach cannot be effective without a regional planning strategy to encourage local authorities to work more collaboratively and align long term goals and strategies around planning and land supply. There are nuances to nimbyism and communities do generally support the development of new affordable homes if those homes are genuinely affordable for the communities already living in those specific places. Furthermore, new affordable homes should visually

enhance towns and neighbourhoods, and crucially those new developments should come with the requisite infrastructure and amenities to support the needs of growing communities.

This roundtable coincided with the announcement of the West Midlands Trailblazer Devolution Deal, which added to the sense of collective purpose and optimism that, despite the significant challenges ahead, these challenges were not insurmountable.

However, to begin to make inroads into the annual target for housing and affordable housing delivery, alongside the compounding backlog of the targets not met from the homes not built in previous years, six policy priorities need to be addressed which are:

1. A cohesive affordable and social housing strategy
2. Policy reform: Supply and demand side subsidies and the Right to Buy
3. Making the social value case for affordable and social housing
4. Planning policy as an enabler and not a barrier
5. Engaging communities in the planning and delivery of affordable homes
6. Diversifying delivery models and approaches

These priorities are expanded on in the final section of this report, which concludes with an invitation to collaborate with the Centre for the New Midlands as we work together with the West Midlands Combined Authority (WMCA), leading housing providers, charities and community groups in the

West Midlands to develop a housing and communities research programme. This aim of this research will be to provide a rigorous, rich and regional evidence base to underpin these housing policy priorities.

1. Context: Why this roundtable on affordable housing and why now?

On 16 March 2023, the Centre for the New Midlands held an affordable housing roundtable at Eighteen, 103 Colmore Row in Birmingham, attended by 18 senior leaders representing the public, private and not-for-profit sectors all working to deliver affordable housing in the West Midlands region.

The key questions under consideration were:

1. What does affordable housing mean for different stakeholders and interest groups? (Citizens, residents, communities, landlords, housing associations, councils, lenders, developers among others)
2. How can we work collaboratively to overcome barriers and enhance affordable housing supply in the region?
3. What are the key priorities to support the delivery of affordable homes that we would like regional and national policymakers to take away from this roundtable discussion?

The commitment to the delivery of more affordable housing is a recurring political theme. In their 2019 election manifestos, the main political parties included commitments to increase housing supply in England. According to one estimate commissioned by the National Housing Federation (NHF) and Crisis from Heriot-Watt University, around 340,000 new homes need to be supplied in England each year, of which 145,000 should be affordable yet year on year the number of new homes being built falls below the Government's

own target of 300 000 new homes per annum. Our national and regional housing markets are complex and fragmented with long standing structural issues and policy challenges to achieving these elusive housing targets.

For residents and citizens in the West Midlands, house prices, the cost of living crisis, increased fuel and electricity bills, rising rents and increased costs of mortgages continue to reduce the affordability of existing homes and the access to new affordable homes, already in critically short supply. For housing associations and housing developers the cost of borrowing and building has increased, combined with a shortage of materials, labour and skills. Crucial investment is needed in innovative, low carbon building methods, and using more sustainable building components and construction materials.

Land-banking and nimbyism create further pressures on affordable housing delivery, the planning reforms to simplify and accelerate the delivery of affordable homes are yet to materialise, while statutory net zero targets and the Future Home Standards inch ever closer. The cost of retrofitting older homes will somehow need to be absorbed by households, landlords, housing organisations and councils. Counterintuitively, because of the installation and running costs of alternative heating systems, new affordable homes are still being fitted with gas boilers, which will need to be changed in a few years, at huge costs. Engaging residents and communities in the delivery of affordable homes is

critical, as is addressing serious issues around the quality of our housing stock in the West Midlands, so that affordable housing is also good quality and healthy housing, designed with place-making principles, in sustainable neighbourhoods with the infrastructure that will allow communities to grow and thrive.

The terms affordable and social housing are used interchangeably but if we consider social housing as the type of affordable, subsidised housing for those in the greatest need, we know from the ever lengthening council waiting lists, increasing homelessness applications and increased use of temporary accommodation, that while the social housing sector continues to be diminished, the need for more social housing has never been greater. The affordability of social housing in the West Midlands brings into the debate the complexities of housing subsidies, Local Housing Allowance rates and related issues

like the ‘benefits trap’ preventing social housing tenants from being able to get back into work and still afford their social rents.

The aim of this roundtable was not simply to agree on the extensive barriers preventing the region from delivering the affordable homes we so urgently need. Rather the discussion focused on how we collectively address and overcome these barriers. This was considered by reframing affordable housing and mapping out what affordable housing means from the different stakeholder perspectives and interest groups in the West Midlands. By aligning those perspectives and interests into a collaborative vision and purpose, we can draw out collective policy priorities for both national and regional policymakers to support the objective to deliver more affordable homes.

¹ (Tackling the under-supply of housing in England - House of Commons Library (parliament.uk))



This roundtable serendipitously coincided with the announcement of the West Midlands Combined Authority (WMCA) Trailblazer Devolution Deal and we were fortunate to have the Combined Authority at the roundtable to highlight some of the key implications from the Devolution Deal to drive affordable housing delivery in the West Midlands. This included the affordable housing deal, which will see the West Midlands allocation of existing funding protected till 2026 with the Combined Authority working with Homes England to deliver that. From 2026 the Affordable Homes programme will transfer to the WMCA with a huge shift in the

dynamics of how the programme will be run, taking into account a range of targets and a blend of funding, but critically basing affordable housing provision on regional and community priorities, thereby putting decision making closer to where the funds will be spent.

This is clearly an exciting and positive time for regional stakeholders to be collaborating with the WMCA to achieve this ambition of increasing affordable housing supply.



2. Reframing affordable housing: Key themes from the roundtable discussion

2.1. A critical housing need and structural supply barriers

Structural challenges in the housing market including house price and private rented sector (PRS) rent inflation, and planning barriers have created a dysfunctional housing system and the market cannot be relied upon to deliver the supply of affordable homes needed.

Challenges are compounded by the Right to Buy policy, where losses of social housing stock further erode the already constrained supply of social housing, making the sector ever more residualised. The welcome recent announcement that councils will be able to keep their Right to Buy receipts for the next two years in order to invest in new social homes acknowledges that need for councils to counteract Right to Buy losses with additional social housing development.

We urgently need to claw back those (Right to Buy) losses.

Housing has targets but has lacked a clear post-war national housing strategy, and despite affordable housing being a fundamental societal need, crucial to the long term life chances and outcomes of communities, it continues to lack the same level of policy priority afforded to Health or Education. We're unlikely to see a 'Save our social housing' campaign akin to the "Save our NHS" campaign but decent, affordable housing is inextricably linked to health and wellbeing. A secure affordable home provides children with the stable foundation to thrive, grow and best engage with their education.

We need a national housing strategy, we don't even have a national homelessness strategy, we have a rough sleeping strategy.

Beyond that fundamental and basic right to decent housing, there are economic imperatives to fixing the housing market. Indeed, if left to market devices, the macro-economic foundations of societal wealth based on precarious housing wealth will continue to negatively impact on the economy, depressing economic growth and exacerbating emerging demographic trends. For example, we are seeing falling birthrates as couples choose not to have children, to have fewer children or to have them later in their lives because of economic circumstances, which will have massive generational repercussions on health systems and our economy.

Both the state and market are failing to provide the affordable housing this country and the West Midlands needs. A range of stakeholders need to work collectively and urgently to increase the scale and speed of affordable housing delivery.

We have all the expertise, but we are still talking about the same issues as 20 years ago.

2.2. Changing Definitions

2.2.1. What is affordable vs. social?

Affordable and social housing are used interchangeably but they aren't the same, and indeed continue to diverge as affordable housing gets increasingly

unaffordable and social housing continues to be residualised due to the housing markets structures and mechanisms described above.

Housing association whg have a housing stock of around 21,000 across the Midlands with 18,000 people on the waiting list for affordable housing in Walsall alone, of which 1,000 are priority need (like homelessness prevention, special health needs or domestic abuse survivors). Others have joined the waiting list for social housing because the PRS has become increasingly unaffordable with Local Housing Allowance rates frozen, and demand is so high that private landlords have their pick of tenants, and can continue to increase rents accordingly.

Shared ownership is increasingly unaffordable too, for example some analysis in a new shared ownership development in Solihull showed that outright home purchases were 8.5 times median incomes, but shared ownership, with a 40% stake, still required a deposit of 4.5 to 6 times median income which is clearly still not affordable. Government policy has put emphasis on affordable housing products like shared ownership which is only affordable in certain areas with lower house prices. For the majority of people seeking social housing, shared ownership isn't affordable or attainable.



Lockside in Walsall, joint venture development by whg and Lovell Homes

2.2.2. NPPF

Annex 2 of the National Planning Policy Framework (NPPF) states that affordable rents be set in accordance with the Government's rent policy for social rent or affordable rent, or at least '20% below local market rents', while affordable housing includes discounted market sales housing, with housing 'sold at a discount of at least 20% below local market value'. Developers and land promoters argue that this NPPF definition of affordable housing has become too narrow, making social housing delivery more difficult. Planning policy should give greater priority to building specifically social rather than broadly affordable housing.

The private developer sector contends that it could deliver Section 106 affordable housing but reflects that before the 2012 NPPF definition, when local authorities asked for affordable housing, this was assumed to be homes for social rent. Since the 2012 NPPF definition however, it appears that gradually local authorities have moved away from social rented housing in their new developments.

2.2.3 More than the cost of homes

Affordable is not just defining a product or tenure, it's how affordable is it to live in that place.



Affordable housing shouldn't be just the cost to buy or rent but also about providing homes that are affordable to live and work in, with a good standard of living.

This ties into a broader debate about the purpose and definition of affordable housing and how it is framed, which the WMCA have been reviewing since 2018 in order to understand what is genuinely affordable housing - so not simply affordable homes at the point of delivery but homes affordable to live in.

2.2.4. (Missing) voices around the table

What we need to do as a society is broaden that debate to get those who do need a home, get them engaged with the system.

Reframing affordable housing means taking into account the interests and vested interests of all stakeholders impacted by the supply of, and indeed the lack of, affordable housing and acknowledge the voices not around the table. On one end of the spectrum, while community engagement is undertaken by developers and housing providers about proposed housing schemes, typically these perspectives represent those already in homes and neighbourhoods rather than those who are trying to secure an affordable home.

There are stakeholder groups who would not recognize that need (for affordable housing).



On the other end of the spectrum there are voices missing who could be part of wider supply strategy including business and private equity companies who would be interested in investing in affordable housing delivery but are not part of the discussion with the affordable housing sector more widely.

There has been some growth in for-profit registered housing providers in recent years and with the growth of ESG more institutional investors are clearly looking to invest in ‘social causes.’

2.3. Issues around existing housing supply

2.3.1. Stock rationalisation

There have been issues around the disposal of poor quality housing, often in deprived areas, by some registered and private housing providers in the West Midlands. In Birmingham, in particular, these homes are purchased for cash at auction, by other private landlords, who then convert larger family properties into Houses of Multiple Occupancy (HMOs) in order to maximize rental return on the private market.

Sometimes these (often originally council) homes are converted into supported ‘exempt accommodation’ or leased to the city council as temporary housing accommodation, both at a high cost to the public purse.

Birmingham has started to take action through initiating HMO licenses but the problem persists in some areas like Handsworth where properties don’t even make it to the market but are sold for cash between private landlords.

Cash buyers (in Birmingham) are hoovering up properties and doing appalling things with them.

2.3.2. Private Rented Sector (PRS) constraints and exempt accommodation flaws

Not only is there not enough housing for those in social need but for everyone else ‘in the middle’ too. The PRS is left trying to fill the void between market and affordable but in the West Midlands only 8% of the PRS is available to people on benefits. The market is failing to provide genuinely affordable homes, particularly with Local Housing Allowance rates frozen and rents continuing to rise. Young people are turning to the ‘bank of mum and dad’ but those young people without family support, or experiencing homelessness, have no recourse to that family help.

There has also been an increase in non-commissioned and lease-based supported exempt accommodation, which traps people in unemployment, and at huge expense to the government through the large subsidies claimed. An example was provided of a charity employee who was recently given an eviction notice from a registered provider of exempt accommodation for: “breach of your license agreement: working full time job” so essentially being evicted for working.

These issues highlight the need for more creative thinking about the whole of affordable housing supply (new and existing homes), and linking jobs and affordable housing together in live-work schemes which provide clear pathways to stable homes and secure employment. The combined authority, local authorities and large housing providers are all well placed to do this.

2.4. Stacking up the numbers: Value and Viability

2.4.1 Financial viability

Housing associations are stretching their business plans to try and get the right balance between social rent, affordable rent, shared ownership and outright sale but can't make these work without additional investment. There are critical viability gaps in the business case for new affordable homes.

The Affordable Homes programme only funds a small proportion of the 340,000+ affordable homes that are needed, so how do we build more housing and affordable housing in this country?

Furthermore, councils and housing associations are competing for the same funding or limited pots of cash while the cost of borrowing increases, the cost of investment in existing stock increases, and the necessary decarbonisation of housing stock adds further financial cost.

Grant rates don't make social rent stack up.

Despite financial challenges and the paring back of new developments, there is still huge competition between registered providers for the same sites, and successful bids come down to financial viability and the bottom line, with certain locations and localities inevitably having a better return

This includes the proportion of affordable housing increasingly dominated by shared ownership, which is not that affordable, and neither are affordable rents at 80% of market rents in many areas. Irrespective of any given strategy or target which is clear about social housing need, viability issues

around the delivery of those targets still remain.

2.4.2. Cost/ benefit analysis and capturing best social value

We can only overcome financial viability issue if we look at the bigger issue of value.

To counteract both stock disposal and to increase the financial viability of new social homes, cost/ benefit ratio analysis, which take into account the whole life value of a social tenancy, become crucial.

Social value attribution is needed to justify more social housing and could be used to outbid other development proposals despite having a higher proportion of affordable housing, even making the case for up to 100% affordable housing programmes. Capturing long-term social value like the economic impact and health benefits for children in secure, social housing is challenging, but if stakeholders worked collaboratively to monetize this social value it could begin to effectively challenge viability constraints.

Councils are spending too much money on "inappropriate, ineffective" temporary accommodation that prevents or delays positive long-term outcomes for children. Temporary accommodation is a huge expense for local authorities with over 5,000 households in temporary accommodation in the West Midlands. If we capture the cost of not placing these families in social homes including the cost of social care, the costs of crimes, it can make a stronger case for more social homes by demonstrating the ongoing costs of NOT providing that new social housing.

It's not just about the money, the money is in the wrong places at the moment.

A cost benefit analysis over a longer period of the amount spent on temporary accommodation and Housing Benefit for non-commissioned exempt accommodation would help to illustrate the potential for better investment in genuinely affordable homes which enable employment rather than expensive options which are trapping people on benefits in insecure housing.

2.4.3. Procurement and best value legislation

Private developers trying to maximize affordable housing in developments argue that there is a complete misunderstanding of procurement and best value legislation, and that a review of best value in procurement procedures is therefore needed.

More than wellbeing matrices, social value and genuine cost benefit analysis should be able to prove the better investment in social housing compared to putting a site on the open market to get more money or what is understood as economically 'best value'.

2.5. Planning and land constraints

2.5.1. Land supply and a regional planning strategy

There is an opportunity for the regional Combined Authority to work with central government to influence planning, land disposable, and strategic land development.

Planning has a huge role to play in the type and sustainability of accommodation being built while the Infrastructure Levy will impact on affordable housing delivery.



Having a National Planning Policy without any regional control is clearly a barrier to affordable housing supply regionally. Even with a regional planning strategy, 'localism' and 'beauty' are subjective and affordable housing delivery should keep communities at the centre of any strategy.

Cohesive regional strategic planning over a 20-30 year period is imperative to address the affordable housing crisis. For affordable housing supply to increase, the seven local authority members of the WMCA also need to move away from siloed local plans which appeal only to local constituents and voters and be encouraged to take on a more collaborative, regional perspective. Long term planning remains challenging within short-term political cycles.

When (planning) is driven by politics, it's hard to have a strategy because it changes every five years and we don't get a consistency of planning policy, of approach to home ownership priority or affordable housing priority.

2.5.2. There is nuance in nimbyism

Nimbyism assumes that the vested interests of the 'housing haves' triumph over the "housing have nots" and this is typically often seen in community campaigning across local authorities to turn down planning support for new affordable homes developments.

However this tendency and attitude is more nuanced than 'I've got a house and I'm alright'



Walsall

Communities know affordable housing is needed but oppose it for a range of reasons including the quality of development being poor, the houses being unattractive or the lack of the additional infrastructure and amenities to serve a growing community.

It also comes down to the real affordability of those new affordable homes in a particular location or place.

Affordable is not just defining a product or tenure, it's how is it affordable in that place?

We really need to understand local dimensions to understand tensions in delivery.

Younger people for example within those communities may resist that new affordable development because they themselves wouldn't be able to afford one of those new affordable homes. It would be people moving out of expensive cities who would more likely purchase that home, not those with the highest need, and those existing residents believe they would be forced out of their neighbourhoods, would need to move elsewhere, and wouldn't be able to send their children to the local schools in that area.

This market version of affordable homes would not be affordable to them.

Local need is different in Birmingham to Dudley to Solihull.



3. Policy priorities and next steps

This affordable housing roundtable provided an opportunity for stakeholders and key players from across the affordable housing sector in the West Midlands to come together at a critical juncture for the region in its devolution journey.

Firstly by reframing the term affordable housing and mapping out what affordable housing means from different stakeholder perspectives and interest groups in the West Midlands, and then by aligning those perspectives and interests into a collaborative vision and purpose, we are able to present the following set of collective policy priorities for both national and regional policymakers to fulfil the ambition to deliver more affordable homes.

3.1. A cohesive affordable and social housing strategy

Affordable housing delivery needs a cohesive national and regional housing strategy to address the structural issues of a dysfunctional housing market as a result of market devices and policy pathways. It also needs consistent senior political leadership to acknowledge those market dysfunctions and have the vision to drive a national housing strategy that focuses on affordable housing recognizing this as critical to economic growth, employment opportunities, health and education outcomes and societal wellbeing. A successful housing market is fundamental to a successful economy.

While the terms affordable and social housing are used interchangeably, the social housing sector continues to be residualised while best value procurement legislation and the reliance of one model

of affordable housing delivery through private house builders and in a constrained, localised planning environment continues to skew new housing to affordable housing at 80% of market rates or shared ownership rather than truly social rents.

3.2. Policy reform: Supply and demand side subsidies and the Right to Buy

Given the huge increase in Housing Benefit costs to the treasury over the past decade, the balance of supply and demand side subsidies in housing, needs to be evaluated urgently to avoid entrenching not only housing market dysfunctions but Housing Benefit traps for those in supported or other social housing who are not able to seek employment without running the risk of becoming homeless. The vast sums of public money being spent on temporary accommodation in the West Midlands is not sustainable, and the capital would be far better invested in more affordable housing supply particularly 3 and 4 bedroom family homes of which there is a scarcity, and which are in the highest demand for families in temporary accommodation. The wider supply of affordable homes also crucially needs to be linked to jobs and employment.

While acknowledging the aspiration for home ownership, house price inflation and the lack of affordable housing options have made home ownership increasingly untenable and this is reflected in the stagnation of owner occupied housing tenure and the continued growth of the private rented sector. The Right to Buy policy continues to impact different parts of the West Midlands as Right to Buy

losses cancel out the limited supply of new affordable homes which are now disproportionately affordable rather than social, so are not even comparable as like for like. Further reform of the Right to Buy should be considered to allow the region to start building up a net positive supply of affordable social housing.

3.3. Making the social value case for affordable and social housing

To make the development of new social or public housing viable, social value attribution is crucial to make the numbers stack up and affordable housing schemes financially viable. The WMCA have an opportunity to take a lead on this and help provide a social value framework to inform national planning policies and local authority planning decision-making.

While social value is complex, it is critical to address the significant financial barriers to realizing the supply of affordable housing needed.

Making the business case for higher grant rates and more affordable and social homes should include an economic rationale through a cost/ benefit analysis for social housing with long term outcomes which prevent not only ever-increasing temporary accommodation costs but future health, social care and unemployment costs too. Social value, demonstrating for example the better long-term life outcomes for a child in the West Midlands growing up in a decent, secure and affordable home, is integral to making affordable and social housing financially viable.



3.4. Planning as an enabler and not a barrier

Planning reform needs to unequivocally support the development of new affordable homes which must be of a high quality, beautiful or enhance neighbourhoods and crucially also build in the infrastructure that would begin to address nimbyism.

Local authorities should have the flexibility to use local authority land for 100% affordable housing, with public land value limited rather than at house builder market values, which restricts the proportion of affordable homes that are viable in new housing developments. The reuse of brownfield land is key regional strategy and needs to be realistically costed in at a planning level. Further devolved powers for the Combined Authority would enable a much-needed regional planning framework so that local authorities and housing associations could work together rather than competing for the same land and funds. It would also enhance regional powers to flag up and address systemic and local housing market dysfunctions such as the exempt accommodation crisis in the West Midlands.

3.5. Engaging communities in the planning and delivery of affordable homes

Social housing legislation seeks to address the right of housing tenants to have their voices heard. Equally this region needs to listen to the voices of those not around the table: the disengaged who feel hopeless

at the lack of suitable housing options for them and their families, the poor and disadvantaged, people who cannot afford to live where they work, cannot hope to buy, cannot access social housing and have no option but to living in sub-standards private rented housing with limited protections.

Community engagement in planning is critical to understand the local dimension of affordable housing challenges, and unpack the nuance in nimbyism. Beyond involving communities in the planning and local decision-making because of vested voting interests, communities can more meaningfully be involved in the delivery of affordable and social housing through community led housing models which have already proven to be successful in the West Midlands.

Many social housing providers have roots in local charities, churches and community organisations which are well placed to involve their communities, and this is key to the place-making agenda of affordable housing delivery. Empty properties, which are sold or disposed of at auction and brought back into use as poor quality private rental accommodation, could be transferred to communities to bring back into use for social housing, as was done so successfully in the Midlands through the Empty Homes Community Grants Programme (2011 to 2015).

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1080843/Command_paper_Future_Planning_System_May_2022.pdf

3.6. Diversifying delivery models and approaches

There is a national planning policy but only 41% of Local Authorities in England's local authorities have a local plan adopted in the past five years.

More social rented housing is urgently needed while the housing market is almost entirely predicated and dependent on a house builder model rather than a mix of developer co-operations, public municipal models and community led models running in parallel. It could be argued that asking house builders to create social value through social housing is asking them to build more than just housing.

Similarly different methods of construction need to be adopted including modern methods of construction (MMC) driven by the public sector and affordable housing. The net zero agenda provides an opportunity to think innovatively about different construction methods to deliver energy efficient affordable homes rather than delivering not-really affordable traditional homes, which will need retrofitting before 2050 at a vast cost to the housing sector.

There is a huge skills gap in the construction sector particularly around modern methods of construction, as well as workforce shortages which prevent traditional house builders and modular homes factories working to capacity. Transitions to net zero require large and SME builders to invest in developing the skills and training needed to build more energy efficient homes. The Combined Authority is well placed to link affordable housing delivery with work, skills

and employment in the West Midlands to both maximize economic growth and accelerate the delivery of affordable homes.

There is a high level of interest from private equity funds to invest in affordable housing, with its government backed grant funding and ESG credentials. At the same time pension funds have long since been regulated out of affordable housing, and there is now a lack of knowledge and understanding about how the affordable housing sector works, which is regarded as an unknown entity.

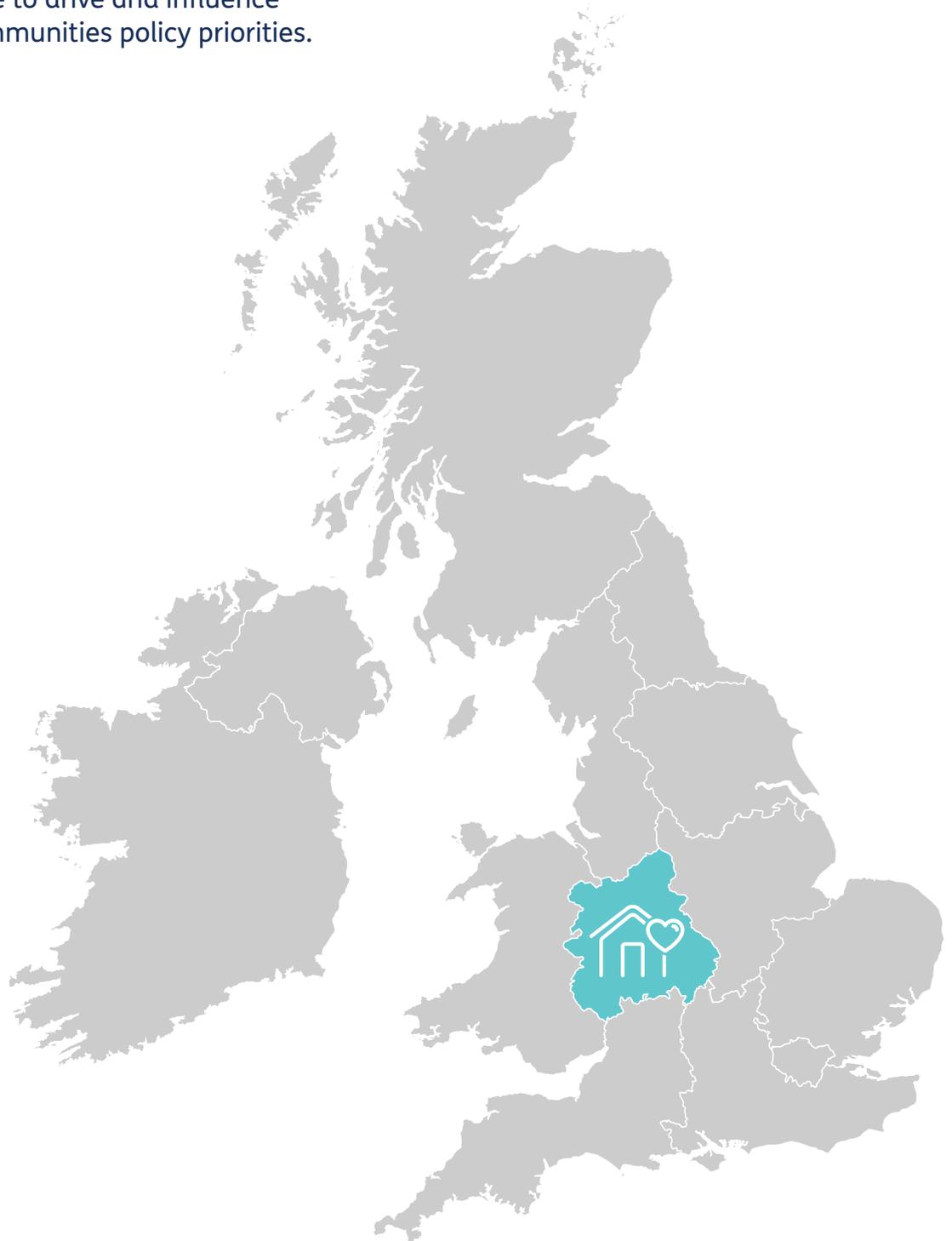
Data in the sector needs to be collated in a way that is clear, informative, accessible and demystifies affordable housing so that funding models can be diversified to include new stakeholders from the private market like pension funds and capital investment vehicles.

We need to consider if the current balance of housing tenures is working, and whether we need more large scale public council housing, more third sector housing supply or new private developer landlords. Can we further diversify affordable housing delivery to increase its supply?

3.7. An evidence base: Next steps

The Centre for the New Midlands is currently in discussions with the West Midlands Combined Authority and leading regional housing associations, housing charities and community led providers to develop a research programme that will help provide an evidence base to drive and influence housing and communities policy priorities.

This research agenda includes both shorter evaluation and pilot studies alongside developing a longitudinal research programme to grow a rich, rigorous and regional evidence base for critical policy making. If you are interested in joining this discussion and research programme, as a funder, research partner or in an advisory capacity please do get in touch with Chris Smith (chris@thenewmidlands.org.uk)





Centre for the New Midlands

Telephone: 024 7518 5515
Email: chris@thenewmidlands.org.uk
www.thenewmidlands.org.uk



whg
100 Hatherton Street
Walsall
WS1 1AB

Telephone: 0300 555 6666
Email: enquiries@whgrp.co.uk

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