

WEST MIDLANDS
COMBINED AUTHORITY

humancity

Accelerating Prosperity through Housing in the West Midlands



**Futures Network West Midlands
and the Human City Institute**
March 2017

Contents

List of Charts, Tables and Maps	4
Foreword by Councillor Sean Coughlan, WMCA Portfolio Lead for Housing and Land	5
Introduction by Amanda Tomlinson, Chief Executive, Black Country Housing Group	6
EXTENDED SUMMARY	7
1. Introduction	13
2. The Policy Environment	15
3. Housing Challenges: A Failing Housing Market	20
4. Housing Challenges: Needs	29
5. Housing Priorities for the WMCA	38
6. WMCA: Accelerating Prosperity through Housing	42
Select References	51
Acknowledgements – Contributors and Roundtables	52
Appendix 1 – About the West Midlands Combined Authority	55
Appendix 2 – About the Project Partners	56

Charts, Tables and Maps

Chart (1)	-	Increase in the Number of Projected Households in the WMCA Area (1990 to 2039)	21
Chart (2)	-	Increase (Percentage) in Projected Households in the WMCA Core Area by Local Authority (2014 to 2039)	21
Chart (3)	-	Homes Completed by Housing Sector in the WMCA (1980 to 2016)	26
Chart (4)	-	Affordable Homes Completed by Type in the WMCA (1991 to 2016)	26
Chart (5)	-	Accepted as Homeless/Allocated Temporary Accommodation by WMCA LAs (2006 to 2016)	30
Chart (6)	-	Households on Local Authority Waiting Lists/LHRs in the WMCA Area (1997 to 2016)	30
Chart (7)	-	Overcrowding in the WMCA Area, the West Midlands and England (Percentage Persons in 2011)	32
Chart (8)	-	Affordability of Home Ownership in the WMCA (1996 to 2016)	36
Chart (9)	-	Private Rent % Change in England and the West Midlands (January 2006 to December 2016)	36
Table (a)	-	The Growth in Households by Type in the WMCA (2014 to 2039)	22
Table (b)	-	WMCA Housing Stock by Tenure	23
Table (c)	-	Average House prices in the WMCA	35
Map (1)	-	Location of Poor Housing in the WMCA by Neighbourhood	34

Foreword



Councillor Sean Coughlan,
Leader of Walsall Metropolitan Borough Council
and WMCA Portfolio Lead on Housing and Land

As WMCA Portfolio Lead on Housing and Land, it falls to me to contribute a foreword to this new report by Futures Network West Midlands and the Human City Institute as a contribution to housing debates in the West Midlands Combined Authority. The report explores the housing challenges faced by the WMCA as part of its remit to improve prosperity for local people.

The report also underscores the pivotal role of housing in a prosperous regional economy and socially just society. And it suggests a number of ways in which housing needs can be tackled through a 'whole stock' approach that takes into account wider concerns than new housing supply alone.

The report shows that the West Midlands, like other areas of the country, does not have sufficient housing to meet the needs of its communities and to support economic development into the future. At the same time, a growing population and a rising rate of household formation are emergent challenges.

The recent Housing White Paper offers some ways forward for accelerating housing supply through the planning system, house-building quotas for local authorities and making better use of the housing stock.

The WMCA is already addressing housing challenges via our Land Commission. The Commission is reviewing the shortfall in housing and land supply, exploring what are the blockages to the delivery of developable land, how developable land in the West Midlands can be secured to boost housing supply, and evaluating how the WMCA can enhance housing supply, through the exercise of its powers, which would not otherwise be possible.

The report concludes that investment in housing should fit with new infrastructure roll-out and coordinated with supply of land close to employment opportunities. It acknowledges these realities while making the case for a wider consideration of housing challenges. In particular, the report illustrates that there are a range of 'in situ' housing needs in parts of the West Midlands, such as overcrowding, low quality housing and fuel poverty. And the report reveals that homelessness, rough sleeping and use of temporary accommodation are ongoing concerns.

The development of a 'whole stock' approach, recommended by FNWM and HCI, is one answer to a complex set of housing supply and demand interactions, long-term housing needs and arising challenges. I welcome the report's contribution to housing debates in our region.

Introduction



Amanda Tomlinson
Chief Executive,
Black Country Housing Group

The creation of the West Midlands Combined Authority presents housing organisations in the West Midlands with major opportunities to accelerate economic prosperity as well provide much-needed affordable housing.

The WMCA has begun advancing our region's economy, overseeing transport infrastructure investment, identifying land for economic and housing development, and has published the results of a highly innovative Mental Health Commission.

Housing organisations in the West Midlands are playing a major role too. The West Midlands Housing Association Partnership has been formed, to engage and support the new devolved authority to deliver thousands of new homes. It comprises 22 partner housing associations and will provide a single voice to help the WMCA to deliver its social and economic aims, through housing, and related activities such as employment and health.

This new report, supported by the WMCA, the NHF, the CIH and housing associations in the West Midlands, researched and written by Futures Network West Midlands and the Human City Institute, has been published to raise the profile of housing issues in the West Midlands. It recommends a 'whole stock' approach, which was partly supported by February's Housing White Paper, recognising that resolving our region's housing problems needs investment in existing as well as new housing.

The report also describes our region's key housing challenges and recommends action to accelerate housing supply while confronting existing housing needs. It emphasises that housing investment is good VFM. It not only supports economic development – by improving labour mobility for example – but also creates economic value of itself; by generating jobs, training and apprenticeships, and by sustaining local supply-chains.

Housing is both a facilitator and a driver of economic growth, the report concludes, and is now rightly recognised as vital infrastructure. Alongside, new or improved housing reduces the burden on the NHS by promoting good physical and mental health, as well as supporting greater opportunities for advancement and fulfilment of aspirations, and boosting life chances.

The WMCA, and the Mayor when elected, will need to develop a strategic housing role that fits well with established ambitions to improve the durability of the West Midlands economy and upgrade transport infrastructure. But all housing sectors – council, private and housing association – will need to work together more effectively to ensure our region's housing challenges are met.

EXTENDED SUMMARY

Introduction

This is a summary of a report that should concern all who have an interest in housing in the West Midlands. It has been produced by the Futures Network West Midlands (FNWM) and the Human City Institute (HCI) to raise the profile of housing issues in the region. It draws on discussions at three round-tables involving around 100 people with knowledge and experience of housing across in round-tables and stakeholder interviews; the views and collective experience of members of FNWM and HCI; and an evidence base assembled specifically for the report.

How Housing Accelerates Prosperity

Housing is a crucial driver of economic growth and productivity in the West Midlands Combined Authority (WMCA) area and the wider West Midlands. As the Autumn Statement, the Housing White Paper and the WMCA Land Commission emphasised, housing investment is part of vital infrastructure that supports economic development, attracts and retains a skilled workforce, and can accelerate prosperity. Investment in new and existing housing generates employment, both directly and through multiplier effects in the construction supply chain and ancillary industries. Together with supporting the regional economy, housing investment makes important contributions to other policy objectives, including improving health, wellbeing and life chances.

The West Midlands faces multiple housing problems, exacerbated by fragmented national policy approaches, which have been and remain insufficiently attuned to local circumstances. This prevents housing investment from contributing as effectively as it could to the development of the regional economy while health, wellbeing and life chances are damaged.

A 'Whole Stock' Approach

The creation of the WMCA, with housing and planning responsibilities, provides an opportunity to foster a shared understanding of housing challenges and adopt a new 'wider than local' strategic framework that delivers sustainable and better housing. FNWM and HCI call for a 'whole stock' approach that:

- **Increases investment in both new and existing housing.**
- **Extends opportunities, choices and benefits for existing communities, vulnerable groups and new households.**
- **Develops sustainable places that will attract and retain the workforce needed to accelerate economic development and to improve health, wellbeing and life chances.**
- **Stimulates, pilots and evaluates innovations in housing supply and management.**

Describing the Key Housing Challenges for the WMCA

Housing opportunities in the West Midlands are limited by failures in construction, supply and investment, and problems of quality, access, security and affordability; most notably:

Accelerating Prosperity through Housing in the West Midlands

- A decline in both home ownership and social renting alongside growth of private renting. These trends do not fit with the needs, preferences or aspirations of West Midlands' people.
- Between 10,000 and 20,000 affordable homes are required yearly to meet growing demand and needs, and backlog needs.
- In recent years, rates of house building have failed to keep pace with demographic change.
- The overall growth in the number of households in the WMCA area will be considerable by 2039, with the number of households entering the housing system for the first time, so presenting significant challenges to housing provision.
- Private developers are unlikely to expand building to meet the needs of younger and lower income households.
- Despite low interest rates and government initiatives, access to home ownership is less accessible than in the past.
- There is insufficient social housing for people who are out of work or in low paid employment and who are seeking housing.
- Some households have no choice but to rent poor condition private housing, with high rents and little security.
- The increased expenditure on housing benefit for private tenants represents poor value for money.
- There has been an increase in homelessness, rough sleeping, the use of houses in multiple occupation (HMOs), overcrowding and fuel poverty.
- Inadequate and inappropriate housing affects the progress made in other policy areas, including health where costs accruing to the NHS escalate because of poor housing.
- Benefit caps and restrictions and a contracting network of services have reduced capacity to adequately house low income and vulnerable households.

The detail of policy and public spending on housing has increasingly been determined nationally: local authorities have diminished capacity to tailor solutions to local problems:

- In recent years, declining public investment in housing has been prioritised for starter homes and shared ownership, although the Housing White Paper refers to more affordable rent.
- Little funding remains for urban renewal and regeneration, older properties, older owners or new households.

This approach has placed too little emphasis on expanding social renting, and to maintaining and modernising existing housing, or on the strategic approach to place-making and sustainability that is needed to meet economic and other objectives. In these circumstances, there are long-term dangers facing the West Midlands:

- Haphazard, unsustainable forms of development will diminish the region's economic attractiveness and undermine efforts to meet the needs and aspirations of new and existing communities.

- An ageing, deteriorating housing stock reflects past economic patterns rather than future needs and aspirations.
- The unattractiveness of some existing homes and neighbourhoods inhibits economic growth and improvements in education, health, wellbeing and life chances.
- Market responses to excess demand and limited affordability will include subdivision of properties and reductions in space and housing quality.
- The housing choices of younger households and opportunities to access affordable and decent housing will remain limited.
- Some older people will continue to live in inappropriate and inadequate housing, while some experience high levels of fuel poverty.

Potential Solutions

A sustained increase in housing investment is urgently needed in the WMCA area. Devolution and the Housing White Paper offer opportunities. More new building is a key element, but a 'numbers game' of building anything, anywhere is not the answer, because:

- New housing makes a small contribution to meeting housing need and demand: most new households start their housing careers in older, existing homes.
- Higher rates of building will be achieved if there is increased procurement by local authorities and housing associations, and if small and medium-sized builders play a greater role.
- Households in need are most likely to benefit from housing investment if policies purposefully and positively improve access and affordability.

Unless there is a 'whole stock' approach, gains through new house building could be undermined by a failure to invest sufficiently to bring empty homes into use and to improve the condition and use of existing housing. Action on both new and existing housing must also be consistent with wider environmental objectives and standards.

Housing Priorities for the WMCA:

Working Together in the West Midlands

The logic of devolution is that well-evidenced cases to do things differently will be supported as part of a national agenda to enhance economic prosperity. The changed approach to flexibility of tenure, announced in the Autumn Statement and the Housing White Paper are cases in point, enabling opportunities for the WMCA to set its own housing priorities.

At the heart of the following proposals is the case for more effective strategic planning and policy co-ordination that is distinct from centrally imposed agenda and budgets. This is needed across administrative boundaries for local authorities and LEPs, and across policy, practice and professional divides. The opportunity for the WMCA to address housing alongside other key policy areas in a consistent manner at a city-region level represents a significant step forward. Nonetheless, the WMCA will not possess a substantial housing budget. Its effectiveness will depend upon 'soft' leadership – influence, persuasion and negotiation with partners at national and sub-national levels.

The WMCA can draw upon considerable housing experience in the West Midlands, including from local authorities, ALMOs, housing associations, community-led housing organisations, construction skills agencies, off-site manufacturers, and other public, private and third sector organisations that collectively form the infrastructure of housing supply and management in the West Midlands. It is essential that the WMCA stresses 'value added', avoids duplicating or competing with others and acts to increase and make best use of resources available for housing.

In previous decades, the West Midlands has successfully addressed region-wide strategic issues. The WMCA should build on this by:

- Supporting localism to realise its full potential.
- Stimulating local and innovative community-led initiatives and local capacity.
- Helping local authorities, LEPs and other bodies work better together.
- Providing a clearer vision and a unified voice for negotiation with the Government.

The WMCA should base its approach on:

- A framework that emphasises the importance of 'places' where people live and work and where strong local economies and communities can develop.
- Building compact liveable cities that are accessible and balance housing and economic development along with community, and green infrastructure and are underpinned by public transport.
- Treating housing of all types and tenures as a key element of infrastructure and major contributor to economic and industrial strategies.
- Recognising the contribution of housing to reducing carbon energy consumption and emissions, as well as to health and social care, education, the environment and other policy areas, such as the life chances agenda.
- Fostering and piloting novel initiatives that draw on local knowledge and creativity, develop funding, local capacity and experience, and sustain innovation.
- A broadly-based housing plan is needed involving all housing types and tenures, using and enhancing local capacity, coordinating housing with other policies and capitalising on infrastructure investment.

This approach should also:

- Recognise the fundamental importance of residential mobility and making better use of the existing stock, referred to in the Housing White Paper.
- Take account of the risk that new building could draw demand from places that would consequently become run down.
- Include plans for regeneration to benefit both existing and new communities.

- Draw on tested practice and lessons, concerning the maintenance, renewal and regeneration of neighbourhoods.

Supporting Strategic Planning

A coherent and sustained plan of action to provide the housing required to support and facilitate industrial, economic and social development is needed alongside clarity about needs and resources. The WMCA should take a lead, working with its partners to:

- Prepare a spatial strategy at a strategic geographical level, setting out how the West Midlands should change in the next ten to twenty years.
- Assist in the adoption of up-to-date local plans.
- Develop, maintain and provide detailed evidence on land supply and condition and on housing need and demand.

An evidence base is needed to set logical and defensible housing and employment targets. But too great an emphasis on fixed numeric targets can provoke disputes over numbers and methodology. And a focus on achievable growth trajectories and thresholds of development may be more effective and engender investor confidence.

Delivering New Housing

Higher levels of house building require land available for housing. Actions are needed where the market has failed to overcome physical and other obstacles to delivery of developable land. Public and/or private intervention backed by financial resources is essential and the WMCA should lead initiatives to:

- Secure infrastructure provision in advance of development.
- Develop approaches to land remediation using Compulsory Purchase.
- Use CPO powers alongside more positive, targeted interventions (for example derelict land grants, development loans and grants) over a strategic area to unlock sites.
- Encourage small builders and use of small sites.
- Support the constitution of Urban Development Corporations (UDCs) to tackle major place-based regeneration.

Delivering Skills and Construction

Ambitions to increase investment in new and existing housing will only be realised with higher capacity in the building industry and if higher costs are tackled:

- A lack of training and apprenticeships has left a construction skills shortage and reliance on older workers.
- The education sector and private sector need to act to address construction skills shortages and expand training, alongside implementing apprenticeships.

- Direct procurement and related policies should stimulate training, enable small builders and new businesses to play a larger role and encourage more efficient and sustainable building methods.
- Off-site manufacture needs to be explored at scale to plug the skills gap and create lower-cost house supply.

Improving Housing, Access and Security

The WMCA should use its influence with government to improve places and the region's housing offer; and help deliver the range of tenures needed. The DCLG's and Homes and Communities Agency's housing powers and budgets (and those of the new regulatory housing body once established) should be devolved to the WMCA to enable more to be done locally.

The WMCA should also act to ensure that:

- Social housing plays a significant part in new housing development.
- Co-operative and other community-led housing, using various tenures, increases.
- Management and maintenance in the private rented sector is scrutinised and improved and there is effective regulation of unhealthy housing.
- A 'youth offer' is developed that addresses the insecurity of young people's employment and its impact on housing access, and expands routes into good housing available for vulnerable and other young people.
- Older people's housing and social care options are improved: enabling older people to downsize by choice would also greatly enhance the housing opportunities for other households.
- Home ownership, maintenance and renewal are sustained in areas of older and lower value private housing.

Delivering Leadership and Advocacy

The role of the Mayor is critical in leading delivery; keeping all councils and other partners on side; and in negotiating effectively with the Government and others in developing housing policy and delivery.

The WMCA must speak to the Government with one voice on housing and planning issues if the opportunities presented by devolution are to be fully realised.

It is essential that the Mayor and the WMCA engages in wider debate about housing futures and involves community and other local partners in building and sharing expertise that will equip it to develop initiatives and respond to opportunities in the future.

1. Introduction

Background

In the West Midlands in recent years, there has been a fragmented debate about perspectives on, and solutions to, the region's substantive housing challenges, including a failing housing market and entrenched housing need. Constructive ideas that could inform strategic housing and planning and policy development need to come to the fore more readily. This report seeks to contribute towards this.

Government housing and planning policy, the devolution to cities agenda and, in the West Midlands, and the emergence of the West Midlands Combined Authority (WMCA) will affect what happens over the coming few years.

The WMCA consists of seven constituent members - Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. There are five local authority non-constituent members and five observer organisations awaiting non-constituent membership in the wider region. Local Enterprise Partnerships (LEPs) in the WMCA have joined as non-constituent members. They are Black Country, Coventry and Warwickshire LEP, and Greater Birmingham and Solihull.

There is an urgent need to stimulate a debate about housing challenges in the West Midlands, and their relevance to the WMCA's membership, their centrality to regional economic development and civic society, and how devolution of housing strategy and investment could improve the region's economic outlook and the quality of life of its citizens.

This is the background to the publication of a new report – **'Accelerating Prosperity through Housing in the West Midlands'** – produced by Futures Network West Midlands (FNWM) and the Human City Institute (HCI): two Birmingham-based voluntary research agencies with interests in housing and planning policy, cities, economic development and sustainability.

Aims of the Report

The research for the report was set in motion by FNWM and HCI in April 2016 to raise the profile of housing issues in the WMCA area and surrounding districts, and to recommend ways in which the WMCA might advance solutions to housing challenges in the West Midlands.

The report resulting from this research is not a formal housing needs study, nor a housing market assessment, although the report explores housing needs in the WMCA area, and housing supply and demand. Rather, FNWM and HCI consider the report to be both a resource on which the WMCA can draw to inform its housing priorities, and a means of highlighting how housing investment plays a pivotal role in promoting and underscoring future economic prosperity and civic renewal.

The research, which was designed to be highly collaborative, has encompassed:

- A review of literature, policy developments and national and regional trends.
- An exploration of housing data associated with the housing stock, tenure, housing needs, demand and supply, homelessness, and affordability.
- Seeking the views of more than 100 local housing stakeholders who have given their views in three roundtables and through written and verbal submissions.
- Drawing on the views of the members of FNWM and the trustees of HCI, who have considerable collective experience of housing and planning issues, via three seminars.

The key aims of the project have been to:

- Explore the changing policy backdrop to housing and planning policy; both nationally and regionally.
- Raise the profile of housing and related issues in the West Midlands and run a campaign.
- Make a substantive contribution to debates about housing in the context of changing national, regional and local policies.
- Investigate the likely opportunities for housing and planning arising from the creation of the WMCA for the West Midlands.
- Summarise the contribution of housing development and housing-related expenditure to the regional economy, employment, social and labour mobility.
- Explore how housing investment might be devolved to the WMCA in light of wider devolution issues and the role of the private, public and housing association sectors.

Meanings and Methods

When the report refers to the WMCA area this means the area covered by the seven core local authorities. When it refers to 'homes' this means self-contained homes (dwellings).

Statistical data deployed in tables and charts have mainly been sourced from the Department of Communities and Local Government (DCLG) housing live tables, the Land Registry and the Office of National Statistics (ONS) neighbourhood statistics.

Structure of the Report

The report begins by providing an overview of key policies – economic, social and housing – that impact on how housing strategy can be delivered in the WMCA area and beyond.

The report then presents evidence of a 'failing housing system', covering the housing challenges faced by the West Midlands of rising housing demand and needs, faltering housing supply, and continuing housing access and affordability problems.

Finally, the report recommends ways in which housing supply might be accelerated in the West Midlands as part of a 'whole stock' approach, and the strategic role the WMCA might play in overseeing housing investment and facilitating new supply.

2. The Policy Environment

Backdrop

The policy and operating environment within which housing strategy and housing development are delivered is complex and subject to ongoing change. The David Cameron-led Government in 2015 built on, in most cases, policies formulated by the Coalition Government in the 2010 to 2015 period. Many of these policies, including reductions in public spending, welfare reforms and a move away from investment in social housing to starter homes, shared ownership and affordable rent¹, were departures from the New Labour prospectus of 1997 to 2010,

The period from 2010 onwards was marked by reductions in public spending (especially on housing and local government) as part of an 'austerity' package of policies to eradicate the deficit on the national accounts by the end of the Parliament in 2015. This was later extended to 2020 when a surplus was expected to be generated. While devolution to combined authorities began in this period, with a recognition of the importance of infrastructure investment, housing was not included in infrastructure investment strategies.²

But much of this policy development is now being partly reshaped by the referendum result in June 2016 to leave the European Union, and the election of Theresa May as the new Prime Minister following David Cameron's resignation. The urgency of reducing the public debt has receded, although local authorities in particular still face budget cuts up to 2020. Housing is now seen as a vital infrastructure investment area, with measures to accelerate new housing supply considered by the Housing White Paper³ and the WMCA Land Commission.

This section explores the effects of the operating environment for delivering housing in the West Midlands, with particular emphasis upon devolution policy and a summary of the main features of the Housing White Paper.

A Changing National Context

Post-Brexit, short-term economic conditions and long-term prospects for the UK economy are being debated. Although Brexit has been good for exporters in the short-term, the decline in the value of the pound is feeding through to domestic price rises, particularly in fuel and food, which will hit household budgets with consequent implications for the ability of newly forming households to satisfy their housing requirements in the home ownership and private rented sectors, adding to housing affordability problems.

Devolution is pushing ahead, with Government and commentator recognition of the primary importance of city-regions as drivers of economic growth in the North and the Midlands. The

¹ The Government's affordable rent programme provides limited subsidy to housing associations to build homes with rent up to 80 per cent of market rents – many commentators question whether this is affordable at all

² <http://www.bbc.co.uk/news/business-34670024>

³ <https://www.gov.uk/government/collections/housing-white-paper>

Midlands Engine, including the WMCA as well as the East Midlands, has achieved greater prominence in the May Government's thinking and fits with a recalibrated industrial strategy focussing on investment in science, research and innovation.⁴ On the day after the March 2017 Budget, DCLG launched its Midlands Engine strategy,⁵ which sought to provide the Midlands with a higher profile, together with new funding and key regeneration objectives to match those of the Northern Powerhouse. However, the Midlands Engine Strategy only contained a few notable housing elements. The document confirmed the development of a new garden village at Long Marston in Stratford-upon-Avon, while announcing the Black Country garden city, with £12m funding attached.

Devolution and Housing Policy

The creation of the WMCA is part of public policy to galvanise the cities and towns of the Midlands as conjoined centres of economic prosperity and growth – the so-called Midlands Engine. Devolution and the creation of the WMCA provide the West Midlands with an opportunity to transform the regional economy and infrastructure and focus on issues that matter most to residents and businesses.

The West Midlands is home to hundreds of globally competitive businesses, providing a strong foundation for growth. Its network of higher educational establishments, science parks and research institutes are drivers of growth and innovation. The region accounts for some 10 per cent of UK Research and Development expenditure.

The region is serviced by good quality rail, road and air links which will be strengthened by the development of Birmingham Airport, HS2 and improved transport linkages to these. Over the last five years, private sector employment in the West Midlands has increased by 120,000 jobs and there are now 1.4m private sector jobs in the WMCA area. Employment in the public sector has declined because of reductions in state expenditure on local government.

The West Midlands Strategic Economic Plan⁶ proposes that resources are focused to deliver fast, flexible and dynamic change in the areas that matter most in the West Midlands. The Plan envisages an enormous growth in jobs and this is essential for increasing the prosperity of existing residents. But it will also be essential to attract and retain people with the skills needed by expanding businesses.

The expansion of employment and increasing prosperity is likely to affect housing aspirations and will put more pressure on housing. It will raise questions about the types of housing needed for the growing workforce, where it will be provided and how to avoid consequences that damage the opportunities for newly forming, lower income and vulnerable households.

The WMCA recognises that housing is crucial to build a robust regional economy and flourishing communities. Together with investment in the economy and transport, the WMCA is seeking to

⁴ <https://www.gov.uk/government/policies/industrial-strategy>

⁵ <https://www.gov.uk/government/organisations/department-for-communities-and-local-government>

⁶ <https://westmidlandscombinedauthority.org.uk/about/strategic-economic-plan/>

expand housing supply and work with local housing partners to achieve 'quick hits'. The WMCA has a £500m housing fund to administer over the next few decades.

The devolved authorities have a diverse range of housing powers.⁷ These include brownfield registers and public assets boards, to identify and assess suitable land and buildings for house-building opportunities; spatial planning frameworks, to co-ordinate house-building alongside master planning activity for area development and regeneration, bringing in wider infrastructure projects in transport and economic hubs; mayoral development corporations, to develop place-based regeneration projects; housing investment funds, to introduce increased finance into the building and construction sector, particularly SMEs, and to help unlock activity on sites direct capital grant funding in return for specific housing targets.

The WMCA, according to IPPR North, has negotiated two major housing powers – a public land commission (see below) and a joint assets board together with compulsory purchase powers, although housing loan management and the possibility of Mayoral development corporations may also be considered.

The WMCA Land Commission

The final report of the WMCA's Land Commission⁸ reviewed extensive evidence and set out overarching principles:

- The creation of the WMCA and the devolution deal mean that there has been a step change in the powers and funding available.
- The need for the WMCA to add value to existing land development activities and not to displace those activities, recognising that the WMCA is not a planning authority. Intervention should only be where value can be added to the land development process.
- Although it should be the aim of the WMCA to ensure that all parts of the WMCA area benefit from land development, there will need to be prioritisation.
- Infrastructure investment should be aligned with land development, especially in transport and provision of utilities, and the development of housing and employment sites.

The Land Commission identifies six 'game changers' for the land market in the West Midlands. These are:

- The need for a single agreed vision expressed in a non-statutory spatial framework.
- The designation of action zones where significant employment and housing space can be accommodated.
- The development of visible unity of purpose in delivering its strategy and aiding local and national bodies to work collaboratively.
- Transforming brownfield land in an expanded programme of regeneration and remediation to ensure minimal erosion of the urban fringe.

⁷ Snelling C. & Davies B. (2016) Closer to Home: Next Steps in Planning and Devolution. IPPR North

⁸ West Midlands Land Commission: Final Report to the West Midlands Combined Authority Board. 9th February 2017

- A strategic review of the green belt to reduce 'chipping away' through more localised and often piecemeal reviews by a number of local planning authorities.
- Settling on clarified governance arrangements and responsibilities to provide strategic leadership and oversight of land development.

The Housing White Paper

The Housing White Paper, much delayed from last year, was finally published on 7th February.⁹ It signalled (at least in terms of headlines) a move away from over-promotion of home ownership to a greater stress on delivering more affordable and secure renting, while promoting faster house-building in general. However, the plans for development funding will continue to support mainly starter homes and shared ownership and will most probably under-cut the declared ambition to boost affordable renting. The direction of housing policy to underscore home ownership as the primary tenure of choice remains, therefore, implicit, despite the headlines.

The Housing White Paper, while not openly against social renting as in some other housing policy statements in recent years, contained no firm commitment to underpin a return to social house-building, which research¹⁰ has shown is the most cost-effective way of solving the housing crisis. Instead, the Housing White Paper proposals focus on accelerating house-building by ensuring developers build within two years and not the current three, by setting local authority-based 'quotas' for house-building and building at greater density in mainly urban areas. Protecting the green belt is still a policy priority; although this may be reviewed in future.

There are also plans to give local authorities more powers to build extra homes, although proposals are vague at this point. The Government states that local authority Local Plans for housing harm the rate of house-building. It will now require more realistic Local Plans, reviewed every five years, with local authorities required to undertake more comprehensive assessments of housing need.

Local authorities will be expected to use land more efficiently by supporting the building of new homes at higher densities where there is a shortage of land and where there are good transport links. Local authorities will be able to issue completion notices so cutting the timescales required by developers to build after planning permission is granted to within two years, instead of the current three. Amendment of planning rules to enable local authorities to plan for more long-term Build to Rent schemes is also included.

The Government aims to move beyond the majority of new house-building by large developers to help more SME builders and others make a significant contribution by utilising the £3bn Home Building Fund. This Fund will also be deployed to provide loans to custom builders, offsite construction and essential infrastructure.

The Housing White Paper is explicit about seeking to ensure more long-term tenancies are available in the private rented sector. But, since publication, it appears that security will only be

⁹ <https://www.gov.uk/government/collections/housing-white-paper>

¹⁰ www.4socialhousing.co.uk

increased for private rented new developments and not for existing private renting. There appears to be little in the way of statutory requirements on the private rented sector and voluntary action by private landlord trade associations seems to be all that is proposed at present.

There is little in the way of new funding for the Affordable Rent Programme with funding staying the same as unveiled in the Autumn Statement 2016. The £1.4bn fund announced then appears to be the only funding currently available. But the Government promises to consult developers to offer more affordable rent. What constitutes 'affordable' will be redefined.

The Homes and Communities Agency (HCA) will be renamed Homes England and become a funder only while its regulatory function in relation to housing associations will be passed to a new body.

The Housing White Paper talks about efficient use of the total housing stock and points to existing local authorities have the power to tackle empty homes. On top of this, local authorities also have the incentive as they earn the same financial reward through the New Homes Bonus as building a new one for bringing empty homes back into use. There is some flexibility in the Housing White paper to impose a council tax premium of up to 50 per cent on homes empty and substantially unfurnished for more than two years.

Finally, older people will be incentivised to move to smaller homes freeing-up their properties for families and larger households; although how this will be achieved has yet to be formulated and funded.¹¹

Having provided an overview of the policy backdrop, the report now turns to the housing challenges in the WMCA area and the wider West Midlands.

¹¹ Based on information and analysis from Inside Housing and 24Housing.

3. Housing Challenges: A Failing Housing Market

Overview

The West Midlands faces multiple housing problems, exacerbated by fragmented national policy approaches which are insufficiently attuned to local circumstances. This prevents housing from contributing as effectively as it could to the development of the economy, while actually damaging health, wellbeing and life chances.

The housing market in the West Midlands has failed to develop in a way that best supports mobility, the growth of jobs, productivity and incomes; and the shift in patterns of ownership has not matched the aspirations or expressed needs of the population. Inadequate and inappropriate housing also directly adds to the costs of health care and problems of achieving improvements in skills and education that underpin prosperity. A lack of housing investment is acting as a brake on the regional economy and restricting opportunities for existing residents and newcomers to the West Midlands.

Housing should be a key component of infrastructure, supporting economic development and sustainability. Making places that are attractive for people to live in is a key element attracting and retaining labour and enterprise and housing and place making are integral to strategies and policies with a focus on economic growth. Housing also underpins family, household and community development and has a major effect on health, education, social inequality and social cohesion. A falling housing market, represents a threat to the economy, wellbeing and opportunity, affecting businesses, individuals and communities across the West Midlands.

The following focuses on aspects of a housing system that is failing to deliver enough affordable homes to meet a variety of household circumstance. It is failing to add sufficiently to the housing stock or to improve existing housing to make the places that people want to live in and that are an asset to the region in attracting and retaining the households that are a key to future economic progress. It is also failing to provide opportunities and choices for existing households and the large numbers of newly forming households that will be seeking housing in the future.

Growing Demand - Demographic Change

The WMCA area is projected to see an 18 per cent increase in population by 2039. According to DCLG household projections, an even faster rate of household growth will be seen - 24 per cent, or 264,000 more households between 2014 and 2039. This predicted increase in household formation will shape housing demand over the next 25 years. Greater rates of new house-building than those achieved in recent years will be required to cater for this level of household growth. Higher rates of international or inter-regional migration will add to this level of demand. Household growth rates may be key in determining housing investment allocation if the Housing Minister's proposal of a '100 club' of high household growth local authorities materialises.¹²

¹² <http://www.insidehousing.co.uk/business/development/government-schemes/the-100-club/7017141.article>

Chart (1) - Increase in Number of Projected Households in the WMCA Core Area (1990 to 2039)

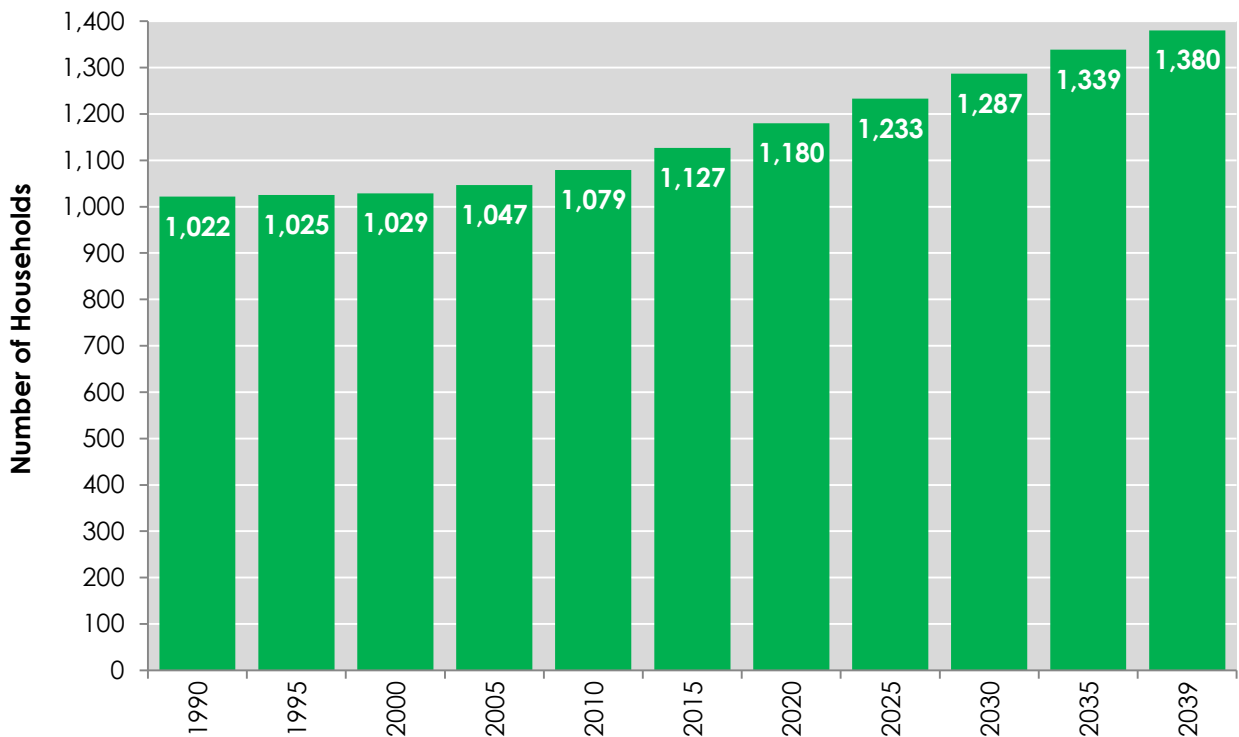
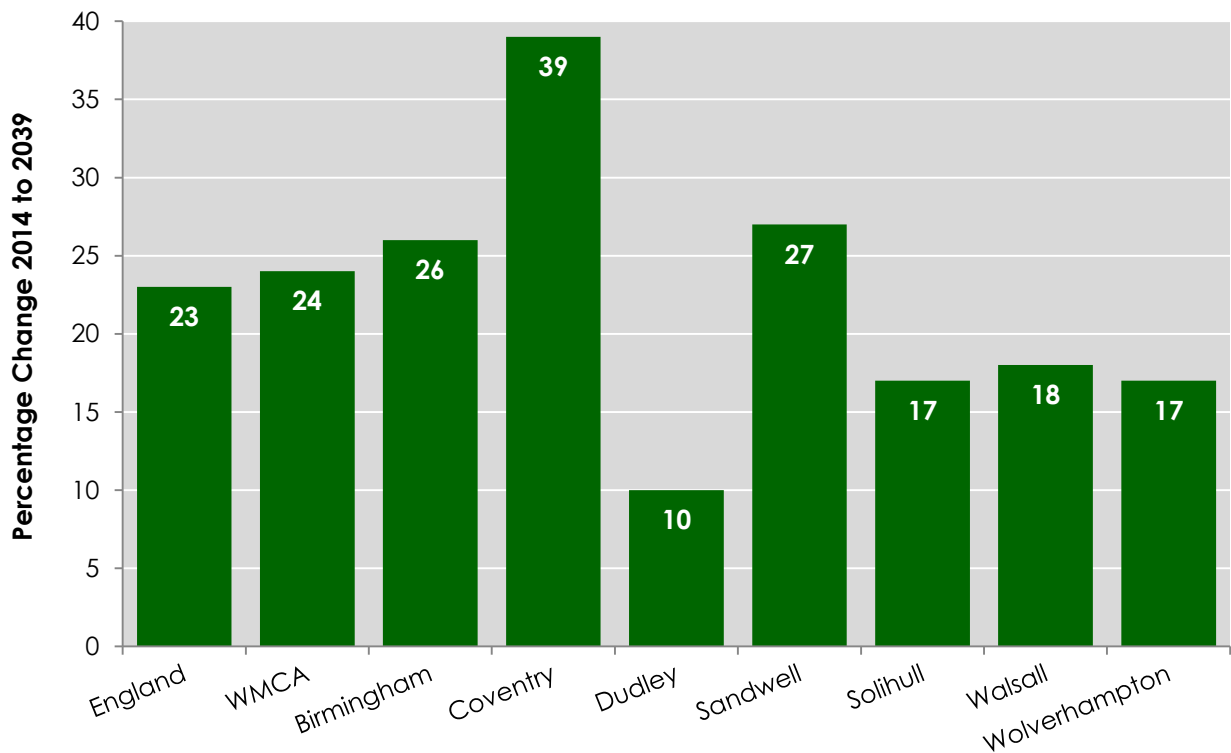


Chart (2) - Increase (Percentage) in Projected Households in the WMCA Core Area by Local Authority (2014 to 2039)



There is quite a lot of variation in expansion of household numbers by type across the WMCA. Coventry will experience the largest growth in one person households while Birmingham will see the greatest climb in households with couple plus one or more other adults. Household growth will put pressure on local authorities in and adjacent to the WMCA. As chart (2) reveals, the greatest levels of household growth will be in Coventry, Birmingham and Sandwell. The scale of growth in Birmingham will be greater than it can cope with and younger households and large families will face the greatest difficulties in accessing housing and be most dependent on the private rented sector. While there are general concerns about the ability of younger households to access housing, youth housing services have had to focus on preventing homelessness in the face of reduced resources.

Table (a) – THE GROWTH IN HOUSEHOLDS BY TYPE IN THE WMCA (2014 to 2039)

	One Person	Couple	Couple & 1+ Adult	Households with Children	Other Households
Birmingham	+26%	+17%	+47%	+13%	+71%
Coventry	+37%	+17%	+43%	+43%	+77%
Dudley	+15%	+11%	-5%	+7%	+20%
Sandwell	+32%	+16%	+38%	+19%	+54%
Solihull	+25%	+5%	+12%	+22%	+22%
Walsall	+25%	+13%	+16%	+12%	+38%
Wolverhampton	+16%	+1%	+14%	+23%	+39%
WMCA	+26%	+13%	+29%	+18%	+58%
England	+25%	+20%	+28%	+15%	+53%

The greatest growth in households will be in the young and older age cohorts, and in newly forming small and large households. All age groups within the WMCA area are projected to grow in number. Ageing will be a major issue, with large increases in numbers aged 70 years or older. The working age population will grow in number, but will form a decreasing share of the population. Growth will be more rapid in the young adult population than in those aged 40 or older, and there will be an increase in the child population.

Although there are no up-to-date projections referring to ethnicity, the growth in the younger population is likely to be most evident among black and ethnic minority households, irrespective of future immigration. There are general shortages of housing per se but also shortages of social and affordable housing, of larger homes for larger households and higher value housing that would attract some mobile households.

Older Households

The growth in the population of older households is largely of households that are already in housing and the challenge here is not one of accessing any housing but rather of facilitating choice and mobility so that older households can obtain the housing that they consider meets their requirements. In some cases changes in health and other circumstances mean that the housing in which people live in is no longer appropriate. This presents risks for health, wellbeing, social care and social mobility. More choices enabling these households to move if they want

to would also release housing that is suitable for others and will achieve a better overall use of the housing stock (identified in February's Housing White Paper).

Young Households

The issues for younger households are altogether different. These relate to finding housing that they can afford. Many new households find their access to both home ownership and social housing extremely limited – and, without changes, successive groups of new households are likely to have this experience in the future. These households are most affected by lack of opportunity and choice and are likely to find that new housing is inaccessible – they are likely to have no choice but to live in expensive privately rented accommodation that is insecure and often substandard. The first steps in housing will not obviously provide pathways to better housing in the future especially for people in less well paid occupations.

There are also concerns about vulnerable households. The inability of 18-21 year olds with complex needs to access employment may lead them to stay in scarce supported housing, and 'block' access for others. Some other groups, including some refugees are often focussed on short term employment opportunities and tend to drift from shared accommodation to shared accommodation in order to follow those opportunities. At present the arrangements for these groups and housing benefit for people sharing accommodation and exempt from restrictions that otherwise apply are inadequate. There is need for better co-ordination to achieve value for money, better regulation and management and a coherent strategy for shared housing, single homeless people and others with no priority in allocations for social housing.

Inadequate Housing Supply

There are a number of measures of housing supply, which are discussed in turn below.

The Existing Housing Stock

The WMCA has a dwelling stock of 1.1m homes – an increase of just 3 per cent over the last decade: 77 per cent are privately owned (home ownership or private renting), while 23 per cent are social rent (council at 13 per cent, housing association at 10 per cent). Almost 39 per cent of homes are located in Birmingham. Solihull has fewest homes within the WMCA (at 8 per cent).

Table (b) – WMCA HOUSING STOCK BY TENURE

	Total Homes	Private Sector	Council	Housing Assocs
Birmingham	429,600	75.2%	14.9%	9.8%
Coventry	136,980	81.9%	0.1%	18.0%
Dudley	136,630	80.0%	16.5%	3.5%
Sandwell	129,710	72.0%	22.7%	5.4%
Solihull	89,640	85.4%	11.4%	3.2%
Walsall	113,350	75.4%	0.0%	24.5%
Wolverhampton	108,140	73.2%	21.2%	5.6%
WMCA	1,114,050	76.9%	13.0%	10.1%
England	23,543,000	82.4%	7.2%	10.4%

The WMCA has greater stocks of social housing than in England over all, and below the national average for privately owned homes. There is considerable variation in tenure patterns across the WMCA, with privately owned homes ranging from 73 per cent in Wolverhampton to 85 per cent in Solihull. Two local authorities no longer own and manage council housing (for example, Walsall and Coventry because of stock transfer) whereas Sandwell (at 23 per cent) and Birmingham (at 15 per cent) still have large council housing stocks.

There are 28,451 empty homes in the WMCA area. Although this is down considerably from the 41,577 recorded a decade ago (partly due to government programmes and local authority actions to reduce empties) the number of empty homes, if brought back into use, could help provide new functional homes without utilising land. Of empty homes, 36 per cent are located in Birmingham. Almost 89 per cent of empty homes are privately owned with 8 per cent being council homes and 3 per cent managed by housing associations. A total of 10,113 (or 36 per cent) empty homes are assessed as long-term empties (more than 6 months). Some 38 per cent of long-term empty homes are in Birmingham.

Changing Housing Tenure Patterns

The home ownership sector has declined nationally, regionally and in the WMCA area. In 2015, 57 per cent of households in the WMCA area were home owners (down from 63 per cent ten years before). In the same period the private rented sector doubled its share of the market (from 9 to 18 per cent). The Right to Buy contributed significantly to increased home ownership in the 1980s and 1990s but this increase has not been sustained. It seems likely that more than 25 per cent of properties sold under the RTB have been subsequently transferred to the private rented sector and this continues to be a factor in the decline of home ownership and in tenure and neighbourhood change.

In the WMCA area the decline of social renting and of home ownership affects whether people obtain the housing they wanted. The growth of private renting has provided real choice for some and in many cases properties are well managed. But in some cases there is poor maintenance, management and repair and the high rents and insecurity associated with many private tenancies make them less attractive than other tenures. Some households, unable to access social housing or home ownership, have no choice but to rent privately. The growth of private renting in lower value properties that had previously been owner occupied appears more likely to be associated with poor management and maintenance, increased overcrowding and Houses in Multiple Occupation (HMOs).

A succession of government policies have reduced and changed social housing and left more households reliant on renting through the market. Less council housing has been built and much of the best council housing has been sold. The Right to Buy, Preserved Right to Buy and Voluntary Right to Buy and associated sales of high value council homes are likely to further reduce the council sector in the future. Social housing has increasingly become 'welfare housing' or 'crisis' provision for the most vulnerable; and the gap between social and market housing has widened.

Market-led development will not generate affordable housing and where, under current policy, starter homes rather than social housing are included in developments, they will not be on the

same scale as in the past and starter homes will not be accessible to the same households. The current operation of S106 of the Town and Country Planning Act 1990 (as amended) is unlikely to generate much social housing.

The national policy approach works against affordable housing in the traditional sense. The outcome will be a new concentration of council and social rented housing in less desirable stock and locations. Housing associations may also disproportionately sell their best stock under VRTB and replacement may not be in the same areas or even the same local authorities. Where local authorities have transferred their stock and/or have no capacity to develop, there may be no housing association with an obligation to develop in its area.

It is uncertain how the VRTB will affect the West Midlands but, for example, where social housing is valued at around £100,000 some tenants will be able to buy for £30,000. Like for like replacement of these properties is improbable and housing associations will often choose to build replacements in different places than where sales were completed - with consequences for communities and affordability. The roll-out of the VRTB has been postponed nationally but it is likely that a regional pilot in 2016/17 will be delivered in the West Midlands.¹³ And, because of government policy and housing associations' own priorities and balance sheets, replacement building is more likely to be starter homes, shared ownership and rental housing with affordable or market rents than lower rent social housing. Replacement by shared ownership is not always relevant as households which can obtain mortgages can afford to buy low value properties and shared ownership does not widen access to mortgages.

At the same time there is a lack of demand in parts of the social rented sector, problems of disrepair and energy efficiency in some of the older housing stock and high rents, poor maintenance and management and insecurity in parts of the private rented sector. The value of land and housing affects the potential for repair and renewal and market based regeneration.

New House-Building

With new house-building on a downwards trend since 1979, the West Midlands is experiencing a crisis of housing construction and investment that has left it with a deficit in housing supply, quality, security and mobility. Estimates of the number of homes needed in England every year for the next decade and more range from 240,000 to 350,000, with estimates based on varied econometric (and mainly stock and flows) models.¹⁴ These estimates may also be affected by the nature of Brexit, especially migratory and employee free movement factors. In the WMCA, estimates of the annual new house-building required vary from 10,000 to 20,000; again contingent upon the health of the regional economy, the speed of infrastructure investment and labour mobility.¹⁵

¹³ <http://www.insidehousing.co.uk/policy/right-to-buy/barwell-west-midlands-strong-contender-for-right-to-buy-pilot/7019294.article?>

¹⁴ <https://www.parliament.uk/business/publications/research/key-issues-parliament-2015/social-protection/housing-supply/>

¹⁵ For example: Ecotec (2010) Analysis of Strategic Housing Market Assessments in the West Midlands Stage 2A: Sub-Regional Analysis & Greater Birmingham and Solihull LEP/Black Country Local Authorities/Peter Brett Associates (2015) Strategic Housing Needs Study Stage 3 Report & <http://www.housinglin.org.uk/Topics/type/Home-Truths-201516-The-Housing-Market-in-the-West-Midlands/> & Arcadis (2015) The Big Idea: Solving the Housing Crisis

Like the rest of the country, the West Midlands has been experiencing a crisis of housing construction and investment. New house-building has been on a downwards trend since 1980, although with peaks and troughs - see chart (3). Housing completions in the WMCA during 2015/16 are 38 per cent down on those in the pre-financial crisis boom of 2007/08.

There has been a long-term decline in social house-building (especially council house-building from 6,070 in 1980/81 to 810 in 2015/16). However, council house-building has seen a relative uplift over the last three years, although building rates are still considerably below historical norms from the 1960s to the late 1980s.

Measures of affordable housing supply show a similar decline in completions. As chart (4) on the previous page illustrates, social housing and intermediate market rent completions have declined significantly over the last twenty-five years. The Government's Affordable Rent Programme, which commenced in 2011/12, boosted 'affordable' rent but has since declined. The Government's Housing White Paper, seeks to boost affordable rented housing, although how this will be achieved is unclear at present.

To complicate matters of measurement, the Government has also introduced a new measure of housing supply over the last few years – 'net additional homes' which incorporates rehabilitated existing housing plus conversions of offices into residential property minus demolitions – to provide a more comprehensive view of housing supply. On this measure, an extra 1,620 homes were provided in the WMCA area during 2015/16, of which 1,031 were office conversions. This is a large increase from 2012/13 and has been aided by government initiatives and local authority activity to bring redundant office space and empty homes back into use alongside developers coping with limited land supply.

It is essential that new building increases but building anything, anywhere is not the answer. New building will make the most effective contribution to economic prosperity as well as health and wellbeing if it forms part of a strategic, planned approach to developing places that are attractive to live in and well served by transport and other services. Making compact high quality liveable cities will enable the West Midlands to compare favourably with other places within and outside the UK. This approach has to inform decisions relating to both the existing and new housing stock.

A sustained increase in housing investment is needed in the WMCA area. More new building is a key part of this but a numbers game' of building anything, anywhere is not the answer. It is vital that:

- New housing makes a small contribution to meeting housing need and demand: most new households start their housing careers in older, existing homes.
- Higher rates of building will be achieved only if there is increased procurement by local authorities and housing associations and if small and medium-sized builders play a greater role.
- Households in need are most likely to benefit from housing investment if policies purposively improve access and affordability.

Recent developments, including the UK's decision to leave the European Union, may keep housing investment at a low level for a number of years. Problems of accessing mortgages are also likely to remain (along with concerns about the availability of Sharia compliant mortgages). In the short term funds for refurbishment schemes for special needs renting have declined while extra care provision has halted entirely. Private sector provision is driven by demand for housing which meets target yields for developers.

Developers build what they feel they can sell and this generally falls short of what is needed. Innovative developments, such as 'retirement and/or extracare villages, are being built but with fewer facilities such as restaurants and gyms because of increasing development costs (labour and building materials). In the longer term the market is unlikely to generate sufficient new housing or housing that would encourage mobility and better use of the housing stock.

Private developers are not expected to significantly expand their house-building activity in the short-term, and any subsequent growth is highly unlikely to take completions beyond the levels achieved since 1980. Higher rates of building will only be reached if councils and housing associations have an expanded role and if smaller builders play a greater role. New private development is expected to be mainly or even exclusively for affluent households and to be concentrated in specific areas: private developers are not keen on developing brownfield sites in lower demand areas and are likely to concentrate their activities elsewhere. These patterns are complicated in the West Midlands where many sites in the conurbation are of poor quality because of contamination or other factors.

Alongside a housing market that is not delivering sufficient homes – one that takes account of the requirements of the existing housing stock – the West Midlands has entrenched housing needs that stretch back many years because of under-investment. It is to this topic that the report now turns.

4. Housing Challenges: Needs

On top of the long-term failure of the housing market nationally, and in all regions to varying degrees, high levels of housing needs – as defined by homelessness, the number of households registered for social housing, and overcrowding, poor housing conditions and fuel poverty – persist. That these needs remain unmet, exacerbated by worsening affordability reducing realistic housing choices – has significant implications for the economic prosperity of the West Midlands, the quality of life of citizens, and the health, wellbeing, and life chances of whole communities.

Homelessness

One of the symptoms of failures in the housing market has been increased homelessness and greater reliance on temporary accommodation to house those accepted as homeless. Homelessness, rough sleeping and the use of temporary housing to accommodate statutory homeless households have been on the increase in the WMCA area in recent years.¹⁶

In 2015/16, 5,833 households were accepted by the seven WMCA local authorities as homeless and in priority need: a rise over the last two years but about average for the last ten years. The use of temporary accommodation to house homeless applicants has climbed too. Street homelessness also appears to be increasing with 200-300 rough sleepers estimated by local authorities in the West Midlands. With reductions in expenditure on homeless services, precipitated by central government cuts to local authority grant support from 2010, it is much more difficult for homeless people to find help and support – see chart (5).

The Government's welfare reform programme has contributed to increased homelessness. It is much more difficult for homeless people to seek help and, for example, in Birmingham there is now only one customer care centre. BME communities experience higher levels of homelessness and are more likely to be in overcrowded or poor housing.¹⁷ There has been an increase in evictions following the termination of shorthold tenancies – situations exacerbated by limited support for tenants.

Young people coming out of care, people with drug or alcohol abuse problems or mental health problems, women experiencing domestic violence and vulnerable LGBT people continue to be prominent among homeless households affected by the scarcity of affordable housing and reductions in care and support.¹⁸ And the provision for young homeless people with no priority in applications for social rented housing is deficient. People sharing property, whether or not they have access to housing benefit are often unable to access appropriate housing.

¹⁶ DCLG live tables on homelessness

¹⁷ Gulliver K. (2016) *Forty Years of Struggle A Window on Race and Housing, Disadvantage and Exclusion*. Human City Institute. Birmingham

¹⁸ Gulliver K. & Prentice D. (2014) *Rainbow Rising? LGBT Communities, Social Housing, Equality and Austerity*. Human City Institute. Birmingham

Local Housing Registers/Waiting Lists

As shown in chart (6), more than 53,000 households, or more than 140,000 people, are registered on local housing registers (waiting lists) in the WMCA area, with Birmingham having the largest waiting list. There has been a reduction in the number of households registered on waiting lists over the last three years, but this is more likely due to changed registration criteria, introduced by the Localism Act 2013, than an actual and significant decline in housing need. Despite this, the number of households on local housing registers in the WMCA, is still higher than two decades ago.

Benefit Changes and Vulnerable Households

The exclusion of under 25s from housing benefit and the benefit cap applied to under 35s means that most housing is unaffordable for young people on lower incomes. In the West Midlands some social housing (high rise and some other flats) that used to be let mainly to these groups has now become difficult to let. The Local Housing Allowance cap is preventing social landlords from responding effectively to the needs of younger households in both social and private renting.

Private landlords are also increasingly reluctant to house the under 35s. The problems of letting one and two-bed flats in the social rented sector may also affect approvals given to private developers to build this type of accommodation in some places. Other issues have arisen in relation to the Bedroom Tax, where it is not possible to negotiate transfers to appropriate smaller property or the dislocation and costs of moving home present problems.

Benefit caps and restrictions have also reduced the capacity of social landlords to meet the needs of vulnerable households. A smaller social housing sector will be more inaccessible to those with special needs, especially the under 35s and the private sector will have to play a larger role in housing those in greatest need, testing its management and other practices. The future role of state intervention to meet the needs of the very vulnerable is unclear.

Social and Spatial Division

The developments outlined above combine to create an increasingly segmented market with sharper divisions within tenures as well as between them; and these divisions are increasingly associated with place/geography. This affects the access and choices open to lower income households including people in low paid employment. The outcome is likely to be more spatial and social segregation: in some cases this is a formula for unstable communities and neighbourhoods and has significant implications for other policy areas and patterns of opportunity for different social and ethnic groups.

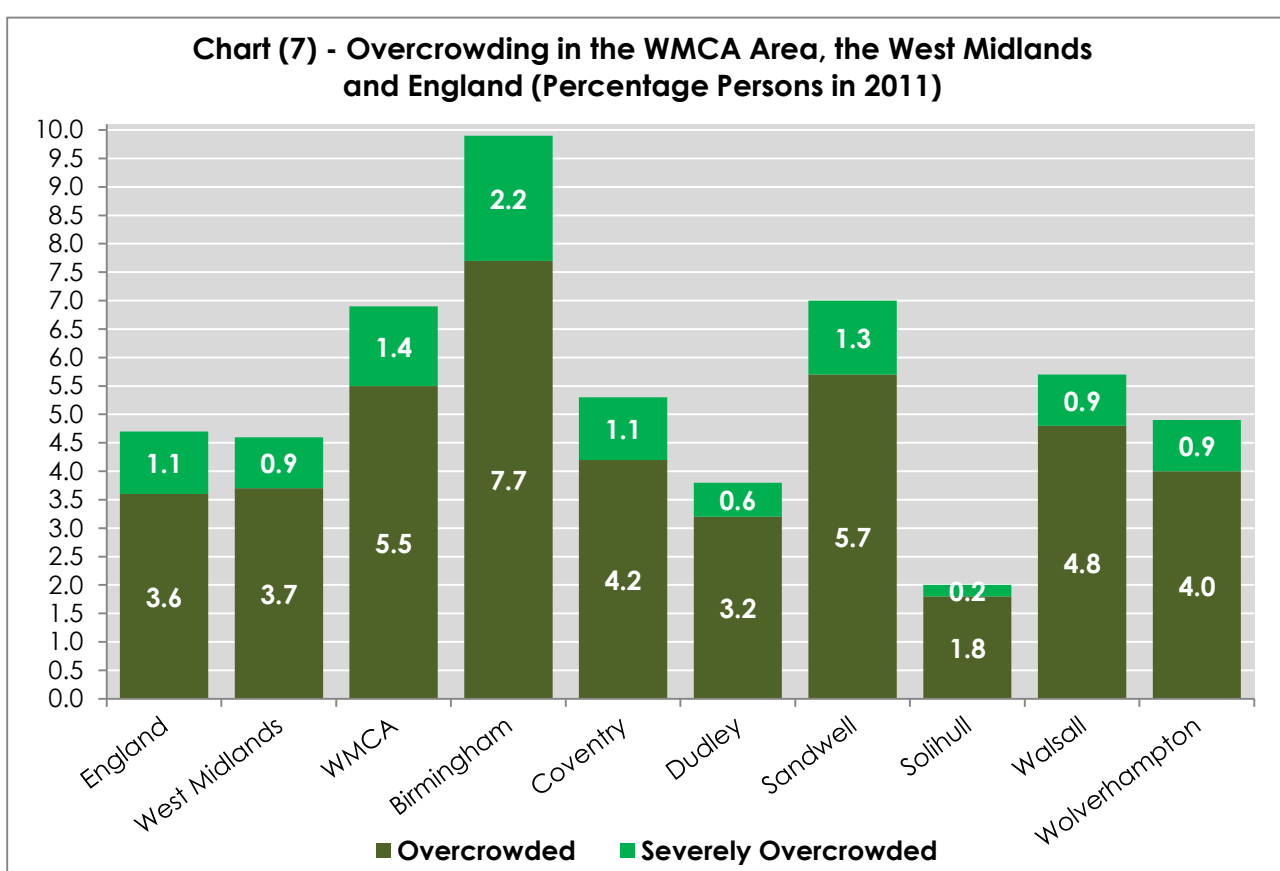
A recent study of Birmingham¹⁹ illustrated the growing geographical divide between the numbers of poor neighbourhoods and those neighbourhoods marked by rising prosperity. The differences, including those associated with housing deprivation and housing affluence, have become more apparent and entrenched since 2010, with welfare reform and the ongoing effects of the economic crisis on stagnant wages and reduced job security are key factors.

¹⁹ Gulliver K. (2016) A Tale of Two Cities: Poverty and Prosperity in Birmingham. Human City Institute. Birmingham

Existing Housing – ‘In Situ’ Housing Needs

Unless there is a ‘whole stock’ approach to housing, any gains through new building could be offset by failures in the existing and/or older stock. Both accelerating and spreading prosperity in the West Midlands means actions in relation to both the existing stock and to neighbourhoods with less attractive housing or poorly served by transport and other services. The UK’s existing housing stock is in worse repair than that of any other European Union member.²⁰ The impact of poor housing on health and on household budgets is considerable and it is important to consider how appropriate parts of the older stock in the West Midlands will be in 25 years’ time.

The West Midlands has the largest proportion of overcrowded households in England outside London and the South-East (1 in 20 households). Overcrowding is associated with higher rates of household accidents, mental health problems and poorer educational performance.



More than 1 per cent of WMCA households are severely overcrowded. Overcrowding is greatest in Birmingham with 10 per cent of people living in overcrowded households of whom 2 per cent are severely overcrowded. All local authorities in the WMCA area (with the exception of Dudley and Solihull) have at least 1 in 20 people living in overcrowded households. In some areas, especially inner city deprived neighbourhoods, the overcrowding rate rises to 20-25 per cent. Overcrowding is most common among larger families and BME households in the lower end of the home ownership market and in private renting. Overcrowding is linked to health inequalities,

²⁰ http://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_statistics

including lost years of life, more severe morbidity rates, a higher incidence of household accidents, some mental health problems, as well as poorer educational performance.²¹

Around 1 in 10 West Midlands' homes fall below the Decent Homes standard with most of these being lower value properties in home ownership (often owned by older home owners). A lack of attractive housing options for older people discourages them from moving out of unsuitable housing. Map (1) presents the geographical distribution by neighbourhood of the likelihood of poor housing²² in the WMCA area. Broadly speaking, the neighbourhoods with the poorest housing tend to be clustered around city and town centres, and in some more disadvantaged suburbs, and areas where pre-1919 and social housing estates are most prevalent.

Fuel poverty, arising from a lack of affordable heating systems and poor insulation, is a key problem in many of the most deprived neighbourhoods in the WMCA area. Overall, 12-15 per cent of households in the WMCA area are estimated to be in fuel poverty, but the incidence of fuel poverty is much higher in low income households living in older properties in inner city areas – both owned and rented privately.²³

Worsening Affordability – Reducing Access to Housing

The West Midlands in 2016 has a higher level of unemployment than any other region of the UK except the North East and statistics on employment and incomes show the region as lagging behind. The conurbation has a young population and also acts as a reception area for inter-regional and international migrants. These are important features for the vibrancy and diversity of the conurbation and vitality of its economy but also have implications for housing need and affordability.

There is a need for housing that is attractive and accessible to a mobile labour force and for a range of income and age groups. Rural and urban poverty and the low incomes of people who are in and out of work or permanently in low paid employment present real challenges to housing providers and there is a divide in what housing different groups can afford.

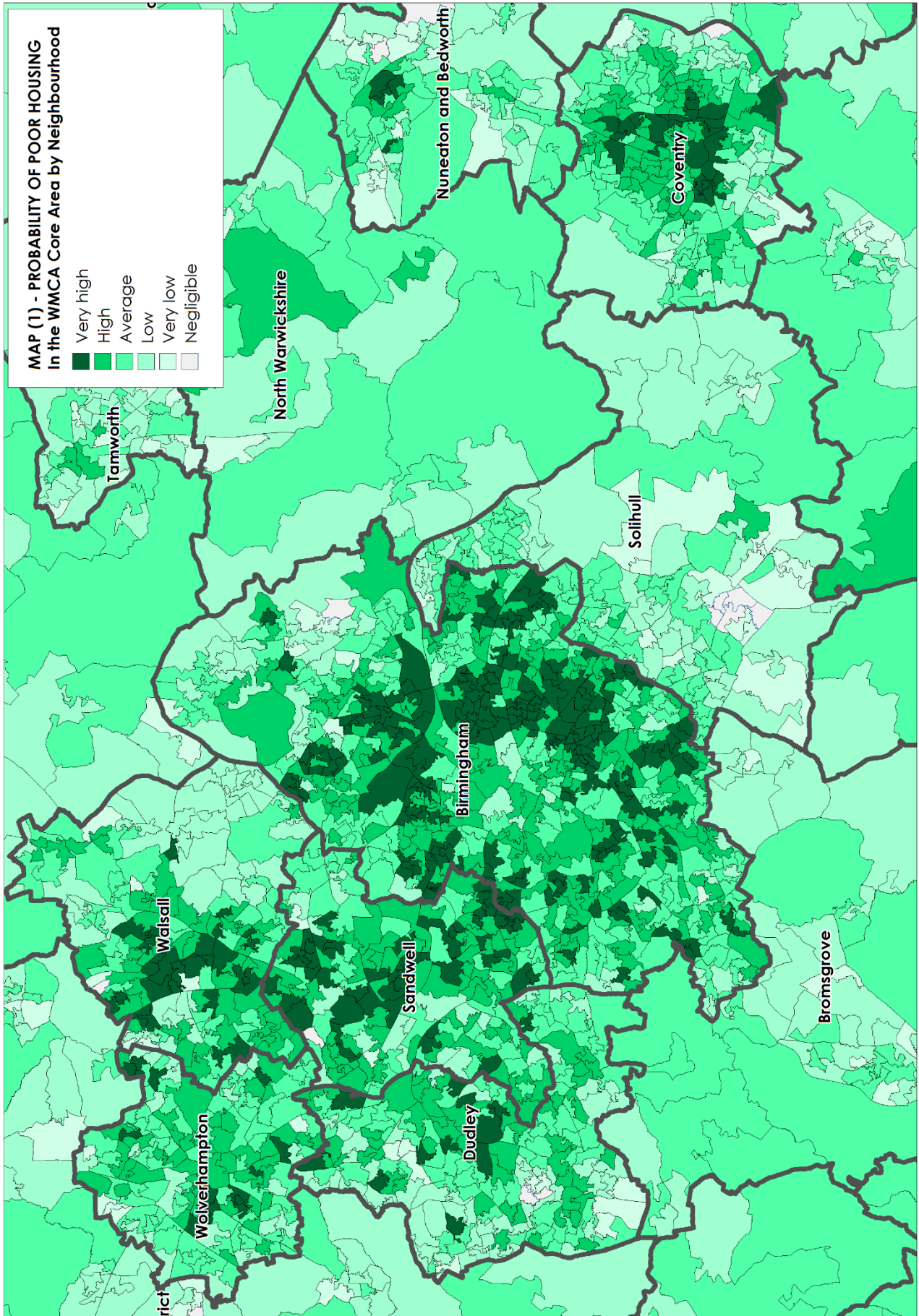
While the West Midlands has some housing market issues that are the same as in other regions, the WMCA and adjacent areas have distinctive combinations of circumstances that affect the relevance of some national policy solutions. For example, the impact of national policies including the Voluntary Right to Buy are likely to be uneven because of differences in patterns of housing ownership.

All but two of the constituent members of the WMCA have retained council housing stock that will be affected by the measures in the Housing and Planning Act 2016 for the sale of high value council housing to finance the VRTB. Between them the constituent members of the WMCA own almost 150,000 homes – compared with less than 120,000 housing association homes.

²¹ <https://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf>

²² This is an ONS indicator that calculates the probability of poor housing based upon Census and Decent Homes data at the neighbourhood level

²³ <https://www.gov.uk/government/collections/fuel-poverty-statistics>



Affordability has declined because of changes in the housing market, stagnant or falling earnings, the growth in insecure employment, welfare reform, and the rising costs of household essentials.

In spite of low interest rates, access to home ownership is much more restricted than in the past. Younger households have been significantly disadvantaged compared with earlier generations and have little choice other than to rent. Many of these households have been affected by changes in access to mortgage loans and by competition from people buying a second home as an attractive investment that offers better returns in a period of low interest rates. This growth of buy to let purchase has inflated demand and prices to the detriment of younger people wanting to buy.

Affordability of Private Renting

Private sector rents in the West Midlands are the highest outside of the South-East and the South-West with the average being over £700 per month. Rents in the private rented sector in the West Midlands have increased more rapidly than RPI over the last ten years, with the exception of the 2007/08 period when there were reductions in average rents.

Rent increases have picked-up again in recent years in the WMCA area – see chart (9) – and have run above RPI for the last five years. Rental increases in the West Midlands are now approaching those seen in the rest of England. City centres, especially those in Birmingham and Solihull, are private rent 'hotspots' with rents increasing in these locations significantly above RPI or CPI.

The capacity of owners to improve their housing, and of the private rented sector to adjust its stock to meet changes in demand, vary greatly. In lower value areas (where the rental income does not provide sufficient returns for improvements), private lettings can be in poor condition and there may be high levels of property sharing. There are also high levels of empty housing. Some older owner occupiers live in houses that are larger than they require but are unable to maintain their properties.

So having described the wide range of housing challenges prevalent in the WMCA area, and the wider West Midlands, the report seeks to outline some key ways in which the WMCA can play a strategic role in rising to these challenges.

localised studies have calculated the social value created by individual social landlords in their neighbourhoods of operation that impact directly and indirectly on the quality of life of residents.

The WMCA area contains a range of housing organisations with considerable experience of delivering housing and associated socio-economic benefits. These include local authorities, ALMOs, housing associations, community-led housing organisations, construction skills agencies, off-site manufacturers, and other public, private and third sector organisations that collectively form the infrastructure of housing supply and management in the West Midlands.

Key Housing Priorities

The most urgent need is for a debate to move forward about how best to respond to the housing challenges facing the WMCA area and the wider West Midlands. This debate is not just about how to build more houses, but also involves consideration of the attractiveness and suitability of new and existing housing, of housing costs, problems and opportunities in different tenures and of funding models.

There is a need for strategies that address the needs of homeless households and younger new entrants to the housing system. And there is a need to stimulate and adapt equity release models, introduce paid support for people to maintain their homes and to reintroduce schemes providing advice and support for older home owners. Some of these older owners would move if attractive, smaller, affordable housing was available locally. But the lack of such housing alternatives does not encourage them to move. For example, demand for bungalows (for sale or for rent) is not being met because bungalows need proportionately bigger plots – this was mentioned in the Housing White Paper.

The detail of policy and public spending on housing has increasingly been determined nationally: local authorities have diminished capacity to tailor solutions to local problems:

- Declining public investment in housing has increasingly been to build starter homes and shared ownership.
- Little funding remains for urban renewal and regeneration, older properties, older owners or new households.

This approach has placed too little emphasis on expanding social renting, maintaining and modernising existing housing and on the strategic approach to place making and sustainability that is needed to meet economic and other objectives.

In these circumstances, there are long-term dangers facing the West Midlands:

- Uncoordinated and unsustainable forms of development will fail to attract and retain key workers or meet the needs and aspirations of existing communities.
- An ageing and deteriorating dwelling stock will reflect past economic and social patterns rather than meet future needs and aspirations.

- Market responses to excess demand and limited capacity to pay for housing include subdivision of properties and reductions in space and quality.
- Many homes and neighbourhoods will not be sufficiently attractive to contribute to growing the local economy, rebalancing the UK economy and improving education, health and wellbeing.
- Younger households' housing choices and opportunities will remain limited.
- Some older people will continue to live in inappropriate or inadequate housing.

The logic of devolution is that well evidenced cases to do things differently will be supported. The WMCA needs to identify what it needs and where, and to develop a strategy accordingly. It needs to both take actions that have a rapid impact in increasing housing investment, build the framework for consistent and effective transformation of what the WMCA area has to offer in terms of housing and stimulate debate about longer term innovation and departures from current policies and practice.

There is an opportunity for the WMCA to take the lead, adopt a different approach and work with others to improve housing within the region in relation to land and housing, raising and using funds and providing housing employment by achieving a consistently higher level of investment in housing. The opportunity is there to set the agenda – neither following the agendas set by DCLG and HCA nor second guessing them.

Operating at a regional level across boundaries provides the opportunity to emphasise two dimensions of housing investment that merit more emphasis and require working with others to achieve effective outcomes.

Linking plans for new and older housing with industrial strategies and plans for transport, land, skills, wider economic development and health and wellbeing all require thinking and working across boundaries: professional, political, geographic, administrative, organisational and between sectors. There is a need to bring all actors together to increase their combined effectiveness. This requires thinking regionally.

A series of key principles emerge from the discussion in this report:

Firstly, housing should be planned and provided as an essential aspect of infrastructure and a major contributor to economic and industrial strategies as well as a key element in the delivery of other policy areas including health, social care and education, energy costs, carbon emissions and the environment.

Secondly, housing should form part of a strategic approach that aims at excellence in place making: building places and communities and making new and existing places attractive to live in, because of the quality and choice they provide as compact liveable cities that balance housing and economic development along with community, social and green infrastructure and are underpinned by public transport. And enabling strong local economies and communities to develop as a result. This implies continuing to build a strategy that envisages

active urban regeneration and urban renaissance to stem the flow of people out of urban areas.

Thirdly, a 'whole stock' approach is required rather than one focussed solely on new housing. The sustainability of new and existing housing and neighbourhoods is enhanced if places have a variety of housing tenures, dwelling sizes and types. A broadly-based housing plan is needed involving all housing types and tenures, using and enhancing local capacity, coordinating housing with other policies and capitalising on infrastructure investment.

Fourthly, there is a need for innovation and creativity in the approach to housing – using local knowledge and creativity, developing funding, local capacity and experience and sustaining innovation; and seeking and piloting better design and considering new solutions to carbon emissions, energy use and the costs of heating and using homes.

Fifthly, there is a particular need to engage with the situations of younger households to provide better housing opportunities and pathways; and the changing circumstances which may leave older households seeking alternative housing.

Lastly, there is a need to promote innovation and to stimulate debates on changing approaches to housing. Rather than waiting for national government or national think-tank views on initiatives it should lead debate about how initiatives could be introduced or would impact in the West Midlands and develop its own view on issues including energy efficiency and low carbon emissions, new opportunities for shared living and initiatives for younger and older households, pre-construction housing options, improving design, Land Value Tax, community land trusts and alternative ways of developing community led housing.

How some of these priorities might be advanced by the WMCA is the subject of the final section of this report.

6. WMCA: Accelerating Prosperity through Housing

This final section reviews the potential strategic housing role, thinking regionally, that the WMCA might adopt as a means of accelerating prosperity in the West Midlands by facilitating and guiding housing investment and interventions in the housing market.

Mapping Needs and Resources

Thinking regionally requires shared evidence as well as transparent processes. There is a need to build and maintain an evidence base to demonstrate the scale and nature of housing need, to map skills and other aspects affecting the construction sector, to identify land and other resources and to enable examination of options.

It will be important to provide data on the likely numbers of homes required, by type, tenure, size and location, but not to become preoccupied with precise numbers when the uncertainties and methodologies involved do not enable this. Estimates based on long term projections should be monitored and revised and take account of progress and delivery in the short and medium term.

The WMCA is too small geographically and has too small a secretariat to equip it to address the challenges and scale of the housing crisis alone. Its boundaries do not coincide with those of housing markets: it will be affected by what happens elsewhere and the economic development within its boundaries will affect neighbouring areas.

Over recent years various housing needs studies and housing market assessments have been carried out for different geographies related to the West Midlands – the region, the conurbation, for designated housing markets, for individual local authorities and for LEP areas. The methodologies deployed for these studies are complex, are contingent upon data from a range of sources, are highly sensitive to changes in data keyed into their models (for example, changes in household projections and migration, fluctuations in housing supply, calculations of backlog and emergent needs), and tend to vary over time and geographies.

The WMCA and LEPs need to work closely together in strategic planning and decision-taking and outside organisations can help to assemble evidence and shape policy. It is essential that there is a shared and robust evidence base on which to build strategies and policies.

Strategic Planning

A coherent and sustained plan of action to provide the housing required to support and facilitate industrial, economic and social development will be required alongside clarity about needs and resources. Strategic planning for housing means working alongside plans for transport, employment, the economy and social development. The scale of and locations for new housing development and regeneration and renewal need to be consistent with these

wider plans and contribute to their success. The process is not site led but inevitably requires decisions on where there would be housing investment.

Within the context of planning for housing, land supply and assembly remain crucial if green field land development is to be limited it is essential that brownfield land is brought into use. The WMCA's Land Commission is already addressing this and is looking at planning barriers and the balance between development on brownfield and green belt sites.

There is an opportunity to develop a single spatial strategy to address housing issues at the macro level, looking at whole systems and overcoming the 'silo solutions' of local authority housing and planning departments. Something like the previous Regional Spatial Strategy may be needed to gain support by demonstrating the scale and nature of issues. The WMCA could use its resources to speed up the (development) planning system and support the provision of infrastructure and facilities in advance of development to help to overcome local objections.

The Regional Spatial Strategy was an effective mechanism for raising housing targets and developing strategic housing policies (and the Regional Assembly overseeing it was a democratically governed organisation). A realistic view is that political considerations prevent the re-introduction of anything like the RSS, but it may be possible to move towards a new, informal way of working at a wider 'West Midlands' scale, bringing the LEPs and the WMCA together and developing a non-statutory regional plan incrementally.

There is also be an opportunity to develop a more effective approach to S106 Agreements for social housing - to bring certainty and speed-up the process. The WMCA may also be in a position to broker and lead cross-boundary and pan-regional initiatives and attract more and more flexible funding and other resources from various partners. The critical issue will be to develop trust and ensure that metropolitan and shire authorities can meet and plan as equal partners.

The WMCA should take a lead, working with its partners to:

- Prepare a spatial strategy at a strategic geographical level, setting out how the West Midlands should change in the next ten to twenty years.
- Consider seeking formal reserve planning powers for the Mayor and agreement to adopt a single informal strategic plan for the West Midlands.
- Assist in the adoption of up-to-date local plans.
- Develop, maintain and provide detailed evidence on land supply and condition and on housing need and demand.

An evidence base is needed to set logical and defensible employment and housing targets. But too great an emphasis on fixed numeric targets can generate arguments over numbers and methodology. A focus on achievable growth trajectories and thresholds of development may be more effective and engender investor confidence.

Delivering New Housing

The WMCA will start with a relatively modest budget for housing - £500m to administer over the next two decades or so. It should seek to maximise the use of this through funding some activities which will generate repayments that can be recycled. It should also identify (for itself or partners) and broker additional funding. The WMCA intends to increase supply by supporting the inward flow of institutional investment, through individual local authorities and by establishing a regional partnership with the housing association sector.

While the WMCA could itself be directly involved in house building its resources are likely to be best deployed in taking a proactive role to generate additional funding or spending freedoms (from DCLG, the Homes and Communities Agency and other sources) and in promoting models for activity – both to be taken up by its partners. Suggestions related to funding include working with local authorities and the Government to make better use of opportunities for cross subsidy, housing receipts and to expand and support the development of local authority housing companies. The challenge for WMCA in this context is whether it can develop and promote new products - bonds to help funding, or equity swaps to help older owners, or fuel efficiency/sustainability to benefit household budget or other initiatives.

It is essential that the WMCA does not duplicate or compete with others involved in housing in the region but identifies where it can add value and be more effective. This may involve actions to co-ordinate or limit duplication or to share expertise and experience – in all cases to enable partners to use their resources more effectively. For example, LEPs have funds to unlock stalled housing sites and coordination of action between WMCA, LEPs and individual local authorities would maximise the benefits from such funds.

In order to achieve higher levels of house building land must be available for housing. Actions are needed where the market has failed to overcome physical and other obstacles to delivery of developable land.

Public/private intervention backed by financial resources is essential and the WMCA should lead initiatives to:

- Secure infrastructure provision in advance of development.
- Develop approaches to land remediation using Compulsory Purchase.
- Use CPO powers and positive, targeted interventions (e.g. derelict land grants, development loans and grants) over a strategic area to unlock sites.
- Encourage small builders and the use of small sites.
- Support the constitution of Urban Development Corporations to tackle major place-based regeneration.

There is general agreement that increasing prosperity and making better places to live in the West Midlands requires an increase in housing supply, action to address inadequate and inappropriate housing and better use of the existing stock. Local authorities and housing associations in the area want to increase investment and the Government is expected to

provide increased stimulus for housing in the near future. In order to harness resources effectively a broadly based housing plan involving all tenures and recognising the importance of residential mobility in determining outcomes and the best use of the stock is required.

The housing plan would be developed alongside and in conjunction with wider strategic plans including those for economic and transport development. It would be an integral part of the strategy to increase prosperity and take account of the risks that new building could draw demand from places that would consequently become less sustainable; and include actions to address hollowing out and stimulate areas of older housing affected in this way. It would include actions to regenerate both less popular areas built as social housing and areas affected by high turnover and low values. Regeneration and estate renewal programmes are likely to form an important part of the strategy.

Although there may be opportunities for cross subsidy land values are unlikely to eliminate the need for some seed or core funding. There is experience in the region of successful estate regeneration (for example, Castle Vale that delivers improvements for existing residents and retains at least as much social housing while also providing additional housing in different tenures. The ambition must be to create prosperous, stable and balanced communities in both new and existing neighbourhoods.

Housing market studies in the West Midlands suggest that in order for housing to make the most effective contribution to the prosperity of the WMCA area with a growing regional economy and influx of labour, some 10,000 to 20,000 additional homes – both new and reconditioned – are needed annually for some years to come. At the same time, it is important to reduce the number of empty homes to the minimum level needed for mobility, to take action to deal with unhealthy housing and to facilitate households to move to housing that is appropriate for them.

The mix of house types and sizes, of tenures and housing costs should be planned to match the aspirations and circumstances of people whose skills are needed to grow the regional economy - as well as ensuring that other needs are not neglected. For some households it may be important to be able to access housing near places of work; for others the nature of the housing is more important than the location.

A variety of housing in areas that are easily accessible to workplaces and a housing market that provides choice and facilitates mobility is important for economic success and wellbeing but will not develop without being planned for strategically, across sectors. Private renting may contribute to flexibility and mobility and support economic development but this needs to be complemented with other housing that meets aspirations and longer term life plans. A key question for the WMCA will be how it seeks to support developments linked to transport changes associated with HS2, major growth of existing enterprises or inward investment. Will it encourage well-managed and more secure market rented housing as well as other housing for mobile workers or will it rely on unplanned, ad hoc development of this sector?

An increased level of direct procurement of housing by local authorities (including the development of local authority housing companies as in Wolverhampton and Birmingham) is an essential component of any approach designed to increase house building and maintenance.

Affordability remains a key barrier to many low income households and cannot be bridged without bricks and mortar investment in affordable rent, social housing and housing renewal. Maintaining a significant social rented sector ensures that more public expenditure goes to housing investment – bricks and mortar – rather than housing benefit.

While social housing should form a significant element in direct procurement so would affordable housing to rent and own, starter homes, shared ownership and market rented housing. Strategies to support economic development are likely to include actions to promote responsible market renting (provided by local authorities and housing associations) with routes to other housing including home ownership. The approach being adopted by Cambridge Combined Authority might be followed by WMCA - seeking government agreement to use funding to deliver the range of tenures necessary to support economic development.

A contribution to keeping building costs down could also be made by off-site systems manufacturing of housing and there is a need for serious evaluation of this. It is argued that the capital investment needed will only be justified if there is a large and secure demand from market as well as social housing. While pre construction technologies and off-site manufacturing could undermine traditional brick and block construction (domestically produced materials and traditional skills) and increase dependency on more imported timber. It may also be appropriate to consider innovative design solutions, for social housing and other development, that make use of different energy technologies to lower costs to consumers as well as carbon emissions.

One view is that multi storey, quality, low carbon, 1 to 3 bedroom apartments, designed in quadrant, triangular and/ or circular formation all with interesting community space to meet and greet could make a major contribution. Such homes could include a range of smart low carbon community energy systems such as combined heat and power and cooling, solar PV, underfloor heating and the latest approaches to energy, water and waste efficiency and green landscaping. There is a need to assess and respond to these options.

Delivering Skills and Construction

Ambitions to increase investment in new and existing housing will only be realised if the capacity of the building industry increases and high costs are addressed:

- A lack of training and apprenticeships has left a shortage of skilled construction workers and they are disproportionately older workers.
- The education sector and private sector need to act to address construction skills shortages and expand training.
- Direct procurement and other policies should emphasise and stimulate training and enable small builders and new businesses to play a larger role.

Ambitions to build and maintain housing to support the growth of employment and productivity will only be realised if the capacity of the building industry increases and high costs are addressed. Investment in skills can contribute to tackling unemployment and to building new housing. In recent years and in spite (or because) of the decline in building activity, construction wages and materials costs have spiralled.

With a lack of training and apprenticeships there is a shortage of skilled construction workers and they are disproportionately older workers. Both the education sector and the private sector need to recognise the need for construction skills and expand construction sector training. There is also a need to adopt procurement and other policies that enable small builders and new entrants to the industry to play a larger role in house-building. SME builders currently play a limited role in housing delivery and actions that would help SME builders to access land and housing investment in both new build and refurbishment would increase the capacity and variety of the industry.

Housing for Health and Wellbeing

The links between housing and health issues and inequalities are well established and the impact of poor housing on morbidity and mortality rates, are well evidenced. The costs of inadequate housing on health and wellbeing and on the NHS, the education system and public services are quantifiable and alarming. Good housing contributes to good health. Warm, dry homes, and access to green space make a significant impact on people's mental health and wellbeing. Conversely, poor, overcrowded, energy inefficient housing in rundown neighbourhoods affects people's health adversely.

People with physical and mental health needs benefit from specialist and/or adapted housing, together with additional services in the community, which enable them to live independent, healthy lives. This particular provision by the social housing sector is under threat because of welfare reform and the reduction in the Supporting People programme.

The recognition that housing plays a key role in health and wellbeing has two immediate implications. The first is about coordination and integration of different strategies and their implementation. Problems of poor housing are recognised as having direct and measurable impacts on demands for health care and the pressures placed on public health and the NHS. There is an opportunity to improve health and wellbeing and the use of resources in different services.

The second is about better use of the housing stock and investment to promote mobility – to enable people in inappropriate housing to move and to encourage investment in poor housing. These considerations suggest that strategic housing plans should anticipate and seek to facilitate turnover in the stock to improve outcomes for a greater number of households than the number of new homes built.

Where new housing facilitates, say, two households to move, the strategy may be more effective than if only one of these were to do so. Enabling older people to downsize by choice or younger people to move to larger accommodation consistent with changing family circumstances are important considerations for a housing strategy that engages effectively with health and wellbeing.

The discussions that have informed this paper have not generated a simple prospectus for housing in the West Midlands. However, they suggest elements that should feature strongly if there is to be a concerted attempt to innovate and deliver. These are set out in the following sections.

Facilitating Mobility and Improving Existing Housing

Linking housing to economic development and to health and wellbeing goes beyond plans for new building and applies to policies related to older housing. Proposals to reshape the housing that is on offer at major transport nodes and, for example, to build a 'new town' of 'garden village' in the Black Country, involve action to make better use of the stock and maintain, renew and regenerate older neighbourhoods.

New house-building will not meet the totality of the housing requirements of the WMCA. And a balanced strategy will also address issues related to the condition and use of the existing housing stock:

- The WMCA area has almost 29,000 vacant homes that could be brought back into useful life if local authorities had the resources to exercise their statutory powers of compulsory purchase on a much larger scale than present.
- The facilitation of community land trusts and self-build housing on small inner city 'in-fill' sites could unleash new forms of housing finance and greater community-control of housing.
- The active rehabilitation of existing (and older) housing, mainly in inner city areas, linked to wider urban and economic renewal. Creation of more sustainable 'garden villages' within the urban core could also serve as hubs for bottom-up economic development.

Renewal of the existing stock is hampered by the large number of individual ownership interests involved but there is past experience both with short-life housing, area renewal and more dramatic regeneration that provide tried and tested lessons and good practice.

Large scale housing interventions may need initial or continuing funding and an equivalent of the Development Corporations that built earlier new towns – to build for rent on a large scale and physically regenerate existing communities.

There is also an opportunity to increase the effectiveness of new building by using it to facilitate household movement that achieves better use of the existing stock and regeneration of areas of less popular areas. Many home owners in the region are in houses that are larger than they want or need. And with maintenance and running costs that generate problems. However, they need attractive alternatives if they are to move and to 'rightsize': in many cases these will be smaller, modern, energy efficient houses near where they live – and in many cases such homes do not exist. Developers do not tend to build for this market partly because they need proportionately bigger plots. Planned and directly procured housing should include smaller homes (for sale or for rent). Provision that is attractive to older people will address health and wellbeing concerns and achieve net housing gains by releasing larger homes that are attractive to other households.

Issues related to an ageing population are important and add to the need to develop a more comprehensive approach to housing concerned with all tenures and all social groups. Addressing the housing needs of an ageing LGBT population may prove particularly difficult where some people face social isolation/lack of family support. Some shared housing and co-

ownership schemes are being progressed but there is still a lack of housing choices open to this group of people who can be particularly vulnerable.

Agency support to assist older people to move and to sustain themselves in their homes also plays directly into concerns related to social care, health and health expenditure. In this context a housing strategy for the WMCA developed in conjunction with public health and the NHS would include concerted action to identify unhealthy housing and, where it is clear that the market will not remedy problems within a reasonable time scale, develop policies to address them.

Housing Access and Tenure

While the Government's focus is likely to remain on newbuild, starter homes and shared ownership, with some renewed emphasis on affordable renting, the WMCA will need to address wider issues. Starter homes and shared ownership will not provide access to housing for many households facing access and affordability barriers. There is a rented housing crisis that requires radical new thinking. At the heart of this is the future of social rented housing and the merits of secure, well managed social housing with rents below market levels.

This has advantages for household budgets and housing benefit expenditure but adding to the stock of social housing requires initial subsidy or cross subsidy. Greater devolution of the DCLG's and Homes and Communities Agency housing powers and budgets would enable more to be done locally. The new WMCA should make the case for social housing to play a significant part in new housing development and work to improve economies of scale and funding attractiveness in the social rented sector -although suggestions of combining social housing stocks for this purpose may not be the way forward. It should also aim to increase the choices available through co-operative, and community led housing.

The rented housing crisis extends to the private rented sector and the WMCA will need to work with its partners to encourage good management and maintenance and to effectively regulate and change unhealthy housing and poor practice. While individual local authorities must lead on this there may be merits in sharing practices and combining some resources and developing links with the NHS and public health to achieve effective use of resources. The agenda for housing access and tenure also has to take account of the position of lower income households whether or not they are in work and of vulnerable groups.

Because of the adverse impact it has on economic and social development and on the delivery and demand for various services housing planning and delivery should seek to moderate the spatial and social segregation that is associated with tenure differences and differences in housing types, sizes and values. It should also address the relentless squeeze on young people's access to housing and on homelessness. There is a need to develop a 'youth offer' that takes into account the insecurity of young people's employment and its impact on housing access.

WMCA should also act to ensure that:

- Social housing plays a significant part in new housing development.
- Co-operative and other community led housing using various tenures increases.

- Management and maintenance in the private rented sector is scrutinised and improved and there is effective regulation of unhealthy housing.
- A 'youth offer' is developed that addresses the insecurity of young people's employment and its impact on housing access and expands the routes into good housing that are available for vulnerable and other young people.
- Improving older people's housing and social care options are actively pursued: enabling older people to downsize by choice would also affect the opportunities for other households.
- Some ownership and maintenance and renewal is sustained in areas of older and lower value private housing.

The WMCA needs to work across LA boundaries to avoid or reduce homelessness and address the practices of some local authorities which are exporting homeless families to other areas regardless of the suitability of so doing. The impact of benefit changes on the housing of under 25s and under 35s has led to increased eviction rates and homelessness. Is there a role for the WMCA to disseminate lessons from existing experience to develop different kinds of shared housing and initiatives related to training and support for homeless young people?

Leadership and Advocacy

The final issue that was raised in discussions related to governance and the critical role for the Mayor in leading delivery and keeping all councils and other partners on side. The powers given to the mayor may be less critical for success than the capacity to work with others and negotiate agreements with the Government and local partners to do things differently.

The central role of the Mayor must be to negotiate effectively with the Government with and on behalf of partners in housing policy and delivery. Manchester has always spoken with one voice to the Government and continues to do so with the GMCA – despite lack of agreement between the constituent authorities behind the scenes. The WMCA constituent authorities must do the same.

It is also essential that the Mayor and WMCA engages in wider debate about housing futures and involves community and other local partners in building and sharing expertise that will equip it to take initiatives and respond to opportunities in the future.

Acknowledgements – Contributors/Round-Tables

Report Editors

Alan Murie (FNWM)

Kevin Gulliver (HCI)

Main Contributors

Greg Ball (FNWM)

Guy Daly (HCI)

Mark Middleton (FNWM)

Dawn Prentice (HCI)

David Thew (FNWM)

Richard Turkington (FNWM)

Christopher Watson (FNWM)

Acknowledgements

FNWM and HCI would like to express their appreciation to supporters of this report – especially: the West Midlands Combined Authority, Black Country Housing Group, the Chartered Institute of Housing, the Coventry University, Housing & Care21, the National Housing Federation, the Pioneer Group, Something Worth Saying (SWS) Public Affairs, and Stonewater Housing Group.

Many thanks to the WMCA for welcoming and supporting this project as a means of highlighting the housing needs in the WMCA area and potential solutions to accelerating prosperity through housing investment. Particular thanks go to Councillor Bob Sleight, Leader of the WMCA, Martin Reeves, Chief Executive of the WMCA, and Jan Britton, Chief Operating officer, but also to others in the WMCA local authorities who helped with this report.

Special thanks to Councillor Sean Coughlan, WMCA Portfolio Lead on Housing and Land for contributing the foreword to the report, and to Amanda Tomlinson, Chief Executive of Black County Housing Group for writing and introduction.

Finally, thanks to Black Country Housing Group, Coventry University and Housing & Care 21 for hosting roundtables, and to the University of Birmingham for providing facilities for a series of discussions during 2016.

Project Contact

The contact for the project and roundtables is Dawn Prentice, HCI's Public Affairs Manager

T 07894 828697 E dawn.prentice@blueyonder.co.uk

Accelerating Prosperity through Housing in the West Midlands

(External Affairs Manager - West Midlands, National Housing Federation, **Jan Jennings** (Communications Manager, WMCA), **John Pitcher** (Senior Housing Strategy Officer, Solihull MBC), **Llewellyn Graham** (Chief Executive, Nehemiah UCHA), **Mark Andrews** (Planning and Housing Policy Manager, Coventry City Council), **Martin Reeves** (Chief Executive, WMCA and Coventry City Council), **Mike Brown** (Chief Executive, Bromsgrove District Housing Trust), **Mike Leonard** (Chief Executive, Building Alliance), **Neil Baxter (New Business Director, Keepmoat)**, **Peter Richmond (Chief Executive, Pioneer Group)**, **Philippa Jones** (Chief Executive, Bromford Housing Group), **Rashid Ikram** (Senior Intelligence Officer - Intelligence, Strategy and Prioritisation, Strategy/Research Team, Birmingham City Council), **Richard Goodwin** (Senior Rural Surveyor, the CLA), **Simon Marks** (Optimising Assets Lead, GBS LEP), **Tom Murtha** (Founding Member of SHOUT, former Chair of HACT and former Chief Executive of Midland Heart), **Tony Smith** (Policy Executive, Corporate Strategy Team, Birmingham City), **Chris Watson** (Member, Futures Network West Midlands), **Mark Middleton** (Member, Futures Network West Midlands), **Kevin Gulliver** (Director, Human City Institute), **Dawn Prentice** (Public Affairs Manager, Human City Institute)

Appendix 1 – About the WMCA

Structure of the West Midlands Combined Authority

The WMCA was created in June 2016. It has seven constituent members plus three LEPs, five non constituent members, and five prospective members.

Constituent Local Authorities: Constituent members have voting rights and responsibility, subject to the election of a Mayor, and can be members of only one combined authority. These are: Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton. Some 4million people, in 1.7m homes, live in these Constituent Authorities.

Non-Constituent Local Authorities: Non-constituent members can sign up to more than one combined authority and have less voting rights than constituent members. Non-constituent local authorities are Cannock Chase, Nuneaton and Bedworth, Redditch, Tamworth, Telford.

Local Enterprise Partnerships: LEPs in the WMCA have joined as non-constituent members. They are Black Country LEP, Coventry and Warwickshire LEP, Greater Birmingham and Solihull LEP.

Observer Organisations Awaiting Non-Constituent Membership: These are local authorities North Warwickshire, Rugby, Stratford-on-Avon, Shropshire Council, Warwickshire County Council.

Key Aims of the WMCA

The WMCA has four primary priorities:

Economic Priority ~ The WMCA is based on an extensive Functional Economic Market Area (FEMA) assessment. As a result of this, the emerging WMCA plans on using the geography to jointly create an economy which is the strongest outside London and contributes fully to the Government's vision of a wider Midlands Engine.

Skills Priority ~ The West Midlands suffers from a significant shortage of skills both at the lower and higher ends of the skills spectrum. The skills deficit is reflected in the high levels of unemployment across the seven core local authorities. This is why enhancing skills in the West Midlands is one of the WMCA's key priorities.

Transport Priority ~ A fully integrated rail and rapid transit network is needed - one that connects key centres with quick and frequent services, and that increases the number of people who can readily access HS2 stations. This will support movement of goods to help businesses and supply chain connectivity, key markets and strategic gateways, while tackling carbon emissions.

Housing Priority ~ The West Midlands has a large and ever-increasing population, which needs housing. The WMCA has established a Land Commission to help identify the land which can be used or regenerated to create homes for the future, and set-up a Housing Board.

Appendix 2 – About the Project Partners

The two partners in developing and delivering the project are:

Futures Network West Midlands

FNWM comprises individuals from professional and academic backgrounds who have experience of and a commitment to strategic and spatial planning, with a particular interest in the West Midlands. Its mission is to provide a voluntary, independent and non-party political network with the aim of opening up and examining key long-term issues and potential futures facing the West Midlands. Since 2011, FNWM has held six evening debates, covering prospects for the West Midlands; the future prospects for the West Midlands economy; transport issues in the West Midlands; regional demographics issues; health, wealth and the pursuit of happiness; and the Greater Birmingham and Solihull LEP Strategic Plan.

FNWM has published a series of documents, including a response to the DCLG National Planning Policy Framework; a response to DCLG's Regional Spatial Strategy for the West Midlands; a critique of the GBSLEP Strategic Spatial Plan for Recovery and Growth; a Working Paper on demographic issues; a Working Together for a Better West Midlands; and a Manifesto.

www.futuresnetworkwestmidlands.co.uk

The Human City Institute

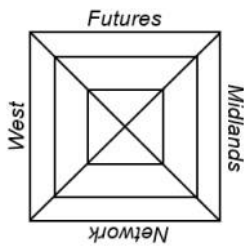
HCI is a Birmingham-based, independent, charitable 'think tank'. HCI undertakes research into 'human city' issues, investigating exclusion, and promoting solutions to the problems of the most disadvantaged groups in today's complex and diverse cities, towns and communities. HCI works around research themes that incorporate new visions for housing; mutualism; social value; health, wealth and life chances; left behind communities; and cohort studies.

HCI has run, or played a major part, in a number of campaigns including the Commission on Co-operative and Mutual Housing; the 'end legal loan sharking' campaign with political pressure group Compass; enhancing life chances in social housing by improving mobility; research and a campaign with BMENational, the representative group of 70 BME housing organisations in England; and an 'end furniture poverty' campaign. Since 2009, HCI has held 19 annual lectures, launches and round tables.

In the last 8 years, HCI has published 55 research reports on a variety of topics (including realising the 'human city'; equality and diversity; social value, social investment and VFM; community and resident surveys; housing and regeneration policy; austerity, financial exclusion and welfare reform; mutualism and the 'Big Society'; and green issues); published 20 think-pieces, research summaries and bulletins; produced 13 conference papers, academic articles and consultation submissions; and published 250 articles and blogs in the national, local and trade media.

www.humancityinstitute.wordpress.com

-----Produced by-----



-----Supported by-----

