

‘A Strategy for Homes’ - the West of England Housing Delivery Strategy - 2020-30

26th September
2021



Foreword

We need more homes of all tenures in the West of England - good quality homes that people can afford, whether they are renting or buying - and we need them delivered at a much faster rate.

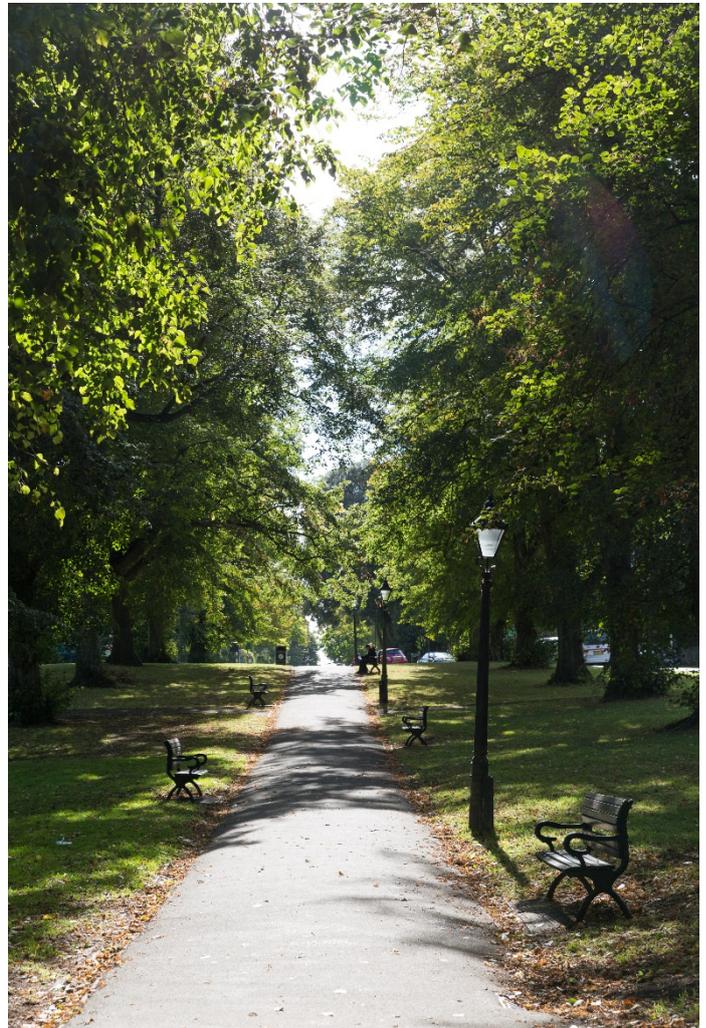
We are one of the UK's most prosperous regions with a strong economy worth over £38B per year. In common with other successful areas that attract people to live and work, there are significant housing affordability challenges.

The house price to income ratio across the West of England is 9:1 making home ownership out of reach of many, and the need for rented Affordable Housing is acute.

In 2018, the Government introduced a standard methodology for calculating the housing need in an area and has consulted on an updated version¹. Depending on which of these is applied, the need for new homes in the West of England area ranges from 5,793 to 7,958 per year. This compares with 4,899 delivered in 2019/20. Whatever the housing requirement eventually becomes (this will follow due process through the SDS and local plans), clearly a different approach is needed to increase delivery overall.

A Local Housing Needs Assessment based on current and future demographic trends is underway to set out the size, type and tenure of the homes we need (due to be published in spring 2021).

According to the 2018 needs assessment,² over 30,000 Affordable Homes are required to meet need across the West of England to 2036, mostly Social Rent. Affordability has worsened since then and the expectation is that need will be higher now. Aspirational home ownership, which is included in the NPPF 2019 definition of Affordable Housing, will increase the overall Affordable need significantly and will impact on the delivery of social and affordable rented homes for people who can't afford to rent in the private market and for whom house prices are totally out of reach.



¹ consultation closed 1.10.2020, outcome not yet available

²Strategic Housing Market Assessments for Wider Bristol and B&NES 2018

It is clear that the targets to meet across all tenures will be demanding, exacerbated by the economic impact of the pandemic. If on top of the need to ramp up delivery, we are to respond successfully to new and different challenges such as high street renewal, the trend to move away from the traditional use of city centres and carbon reduction targets, we will need to re-think our overall approach to delivery and placemaking.

Our Housing Delivery Strategy sets out our ambition to deliver pace, quality and more affordable homes across all tenures and that by taking a strategic approach to longer-term interventions as a joined-up public sector, we will deliver better outcomes for communities and better value for the public purse.

The strategy is the start of a process to achieve that tangible step-change.

Ambition

The West of England needs to grow to meet the needs of our existing and new communities and to ensure that the region remains a thriving, successful and innovative place where people aspire to live. Housing delivery is a key part of the effective and resilient infrastructure that is needed to support sustainable economic growth.

People need homes that meet their needs, that they can afford, and that are in places with the supporting facilities, environmental infrastructure and connectivity to opportunities including employment, that make them great sustainable places to live for the long-term. In common with many economically vibrant regions, we need to provide more affordable homes of all tenures more quickly to meet the growing demand, particularly social rented homes.

The West of England Combined Authority and its constituent authorities³, working alongside North Somerset Council, have a shared priority and expectation that in driving housing delivery, we create sustainable, well-designed, attractive and healthy places that deliver economic benefits and community resilience, support clean, inclusive recovery and growth and respond to the climate and biodiversity emergencies.



Together the authorities are developing a long-term delivery strategy, including a package of funding initially to 2023 to support priority sites where market failure either prevents the housing coming forward quickly enough, or at all. We have established a system of governance

³ Bath and North East Somerset, Bristol City, South Gloucestershire

that pulls together the relevant public sector partners to enable an efficient, streamlined and coherent route map to increase the pace of delivery of quality homes that are affordable across all tenures.

This Housing Delivery Strategy sets out our housing and regeneration priorities across the region, and how we will intervene at a strategic level to unlock land for development, tackle market failure, increase and accelerate delivery, and take a partnership approach to pull in and coalesce the available funding.

We will complement and build on the specific levers used and investment put in by each local authority individually and other partners such as Homes England, to maximise the impact of working collaboratively, to add value and make a much greater impact.

The key aims of the Strategy are to intervene to deliver pace, quality and affordable homes across all tenures, and to achieve better outcomes than are usually delivered in the market. It does not seek to coordinate what each authority is doing individually or set out a delivery plan for each UA - instead it focuses on the added value from taking a strategic approach.

It sets out:

- how we work collaboratively with funding and delivery partners to focus and align resources and effort
- our regional priorities for investment
- the tools and funding mechanisms available across the stages of development
- how we intend to embrace innovation in construction and delivery and become a Centre of Excellence in Housing Innovation
- a coherent and compelling case to Government and its agencies that the West of England is a priority place with a high level of ambition that attracts investment, backed up with a plan that will deliver

Our Housing Delivery Strategy shows how taking a strategic approach to longer-term interventions as a joined-up public sector will deliver better value for the public purse and better outcomes for communities.

WECA's role and remit on housing delivery

Under the Devolution Agreement 2016, WECA has planning powers to prepare a Spatial Development Strategy (SDS) which will set the strategic planning framework for the planned growth in the WECA area over the next 20 years, and which is being developed alongside the North Somerset draft Local Plan.

WECA has a specific role and remit to drive growth by co-investing in new homes, accelerating the unlocking of barriers, planning and prioritising investment in infrastructure and establishing a strong partnership to support key large housing sites.

To deliver on this, WECA is able to:

- assemble land, including by Compulsory Purchase Order

we have established a West of England Joint Assets Board (JAB) that pulls together public sector landowners including the NHS, blue light authorities and the Cabinet Office as well as all four UA partners. The primary output from the JAB is a pipeline of public sector land that can be released for development and carries the potential to meet other objectives for public benefit such as increased % of Affordable Housing or higher placemaking standards. The JAB will have oversight of a Regeneration and Housing Enabling Fund to take land forward through feasibility and pre-planning stages.

- form Joint Ventures with landowners, developers and Registered Providers

We have set up a West of England Housing Delivery Board (HDB) with Homes England and strategic Registered Provider (RP) partners as well as WECA and the four UAs. The HDB will align intel and resources to deliver agreed shared objectives while maximising the value for the public purse. The partners are well-placed to focus on agreed sub-regional priorities for funding and delivery to unlock sites and maximise value in terms of placemaking and other added value outcomes that are less likely to be achieved on private-sector led development.

- create Mayoral Development Corporations (with agreement of the relevant UA(s))

This is a potential future option

- allocate resource from the WECA Investment Fund targeted at sites that need help, i.e. there is either a viability gap or the market cannot deliver at a satisfactory pace

A comprehensive funding package is in place totalling around £40M to be used alongside other public subsidy to support regional priorities up to 2023- see details below.

WECA and the UAs have created a partnership and a process that enables us to take forward public sector sites identified and/or assembled by the West of England Joint Assets Board (JAB) to the West of England Housing Delivery Board (HDB), which will establish the most appropriate source of capital funding and delivery mechanism for each site. The process is built around public sector land and private sector sites may also be eligible if there is a compelling business case.

The approach provides local autonomy - we decide locally where to focus resources, working together with stakeholders and delivery partners to deliver on a strategic regional strategy.

In high-level terms this is summarised as:

	Joint Assets Board	Housing and Regeneration Enabling Fund	Housing Delivery Board
main aim	assemble public land for development to meet local and regional objectives	to help unlock priority places for growth and regeneration by facilitating and accelerating the feasibility and pre-planning process	accelerate delivery and achieve best outcomes for the public purse by focusing and aligning funding and resources
what is it?	partnership of public sector organisations that own land, and the Cabinet Office	Funding opportunity to provide specific outputs	partnership of WECA, UAs, Homes England and delivery organisations
what does it do?	takes a strategic and collaborative approach to use of public land and seeks to draw in One Public Estate Funding (OPE)	Facilitates sites at feasibility stage and enables projects that will deliver significant benefits over time	agrees funding route(s) and delivery partner(s) and investment in strategic infrastructure where intervention required to unblock

The investment package to 2023 for WECA constituent authorities

To support the housing delivery process, WECA and the authorities have put together a suite of financial options that UAs can draw on to acquire land, carry out enabling and facilitating activities to take sites through to start on site stage, and/or plug a viability gap to achieve or accelerate delivery.

The funding is designed to be pulled in where other forms of public subsidy are either not appropriate, exhausted or already part of a comprehensive funding package.

The initial package of funding in place for take up by 2023 is predominantly from the WECA Investment Fund and therefore only the WECA constituent authorities are eligible, with North Somerset able to make use of any funding granted under One Public Estate 8 (see details below).

The UAs can call on the funding at three key stages (land acquisition, enabling and scheme development stage and to enable a physical start on site) subject to meeting gateway and detailed criteria based on:

- the likelihood of delivery with the intervention

- value for money and capacity for grant repayment
- strategic fit and added value.

Detailed proposals for capital funding are subject to a proportionate Full Business Case, and revenue funding to a Feasibility and Development Funding Application.

prerequisite of the capital funding pots is the presumption that a significant proportion will be repaid to enable each Fund to revolve and be re-used on future schemes.

There is a separate £2M Fund for masterplanning which is primarily for strategic locations for growth and regeneration.

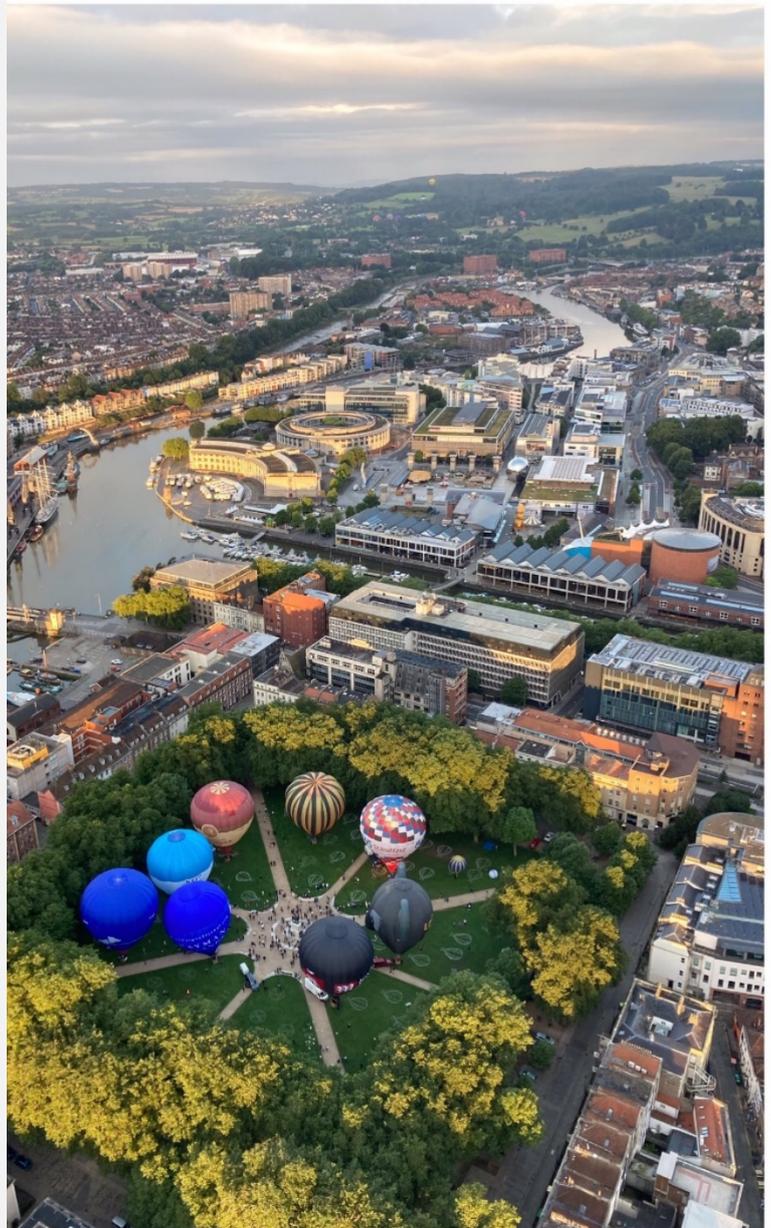
Land Acquisition Fund (LAF)

This fund was established to enable WECA and the constituent authorities to purchase sites directly to unlock and accelerate the delivery of infrastructure and housing. The funding is available where there is clear market failure and not for speculative land buying.

The principle of the fund is that it should recycle as a revolving acquisition fund to enable the funding to be reinvested over time to unlock more land on priority sites, as well as increase and accelerate delivery.

£24.2M has been allocated to the Fund from the WECA Investment Fund. The first use of the LAF provided £8.3M funding to acquire land at Bath Riverside and enable the delivery of more than 280 new homes, leaving **£15.9M available**.

criteria for the LAF attached at *Appendix 1*



Housing and Regeneration Enabling Fund

The catalyser for the delivery model is the opportunity to establish a Regeneration and Housing Enabling Fund that will provide revenue funding to take sites through the feasibility and pre-planning stage through to start on site. WECA, the UAs and potentially other partners such as RPs will be able to draw on the funding for enabling work such as site referencing (e.g. rights of way, wayleaves etc), survey work and other activities to take the site to planning approval. It can be used to understand viability and infrastructure requirements and to identify the capital shortfall on a project, but not for capital costs per se, and will be payable based on outputs. It can be used to establish Joint Delivery Teams where a suitable case can be made, and where specified outputs can be achieved. The first of these is the Temple Quarter Delivery Team.

The Fund can also be used to progress other projects such as Housing Innovation in Delivery which is exploring how to facilitate a ‘regional ecosystem’ that can support the development of MMC/OSM, whilst looking strategically at how land supply can be aggregated to support and enable that ecosystem.

WECA has bid for One Public Estate 8 (OPE8) funding of circa £500K to establish the Fund based on match funding from the WECA Investment Fund alongside a further £2M providing a total initial pot of up to £3M. The OPE8 funding award is expected to be made in Feb 2021. The OPE8 funding would be used to bring the first sites through the feasibility stage (including in North Somerset) and would be targeted at public sector land, however private sites that deliver priority objectives may also be considered.

Criteria for the Enabling Fund attached at *appendix 2*



Development Infrastructure Fund (DIF)

£21M capital funding has been approved to create the Development Investment Fund to fund proposals that can be invested in by March 2023.

The purpose of the DIF is to help unlock tricky development sites by removing the uncertainty and risk of the cost of facilitating infrastructure by providing cashflow upfront with projects expecting to repay, (at least a proportion of costs), to the Investment Fund over time.

The broad outputs of the DIF are to accelerate delivery of regional housing and employment sites that the market will not deliver, or will not deliver at a satisfactory pace, and where by doing so we inject more certainty that the regional benefits of housing and employment will be realised, particularly where there is connectivity.

The basic principle is that up to £15K of grant is available per unit as gap funding and additional funding is available on top or separately on a repayable basis, with the total DIF contribution normally capped at £10M.

Full planning policy compliance will normally be expected, including Affordable Housing, and the proposal must be capable of delivering additionality that would not otherwise be delivered by the market against other strategic objectives, e.g. carbon reduction, improved sustainability, innovation in design and construction. Initially flexibility will be applied, however it is an expectation that the requirements for additionality via delivery of wider qualitative and quantitative benefits will be firmed up as the strategy evolves.

criteria for the DIF attached at *Appendix 3*

Forging effective partnerships - collaborative working to align input, outputs and outcomes

Key to success is collaborating and combining with the right organisations to focus our energy and resources on agreed, shared priorities to make the new homes happen. Partners, including RPs and the private sector, will be established on a project-specific basis under the over-arching principle that working collaboratively is efficient, effective and gets a better outcome and will be subject to review ongoing.

Homes England

Homes England is the Government's 'housing accelerator', and in its Strategic Plan 2018-23, commits that where places have ambition, potential for growth and a clear plan, Homes England will combine its tools to partner with them and support delivery:

'we want to understand places' ambitions and explore how collaboration and innovative delivery could unlock these'.

[Homes England Strategic Plan](#)

The Homes England Plan specifically identifies that collaborating with local areas to identify and overcome barriers to growth, such as infrastructure and planning, is a key priority, and working and aligning the delivery of housing with major transport infrastructure projects. As referenced above, we are already working together on a joint delivery approach for Temple Quarter in Bristol.

The Homes England 'place' priorities are to:

- be led by intelligence
- support local ambitions and priorities
- encourage more local-government-led delivery of affordable housing
- understand and address gaps in delivery
- support communities and local economic recovery
- deliver the right homes in the right places.

Strategic Partnership

A key aim of the West of England Housing Delivery Strategy is to work with Homes England to cement our already close and strong relationship into a formal strategic partnership with a strategic support package focused on agreed priority locations and driving delivery.

Our objectives are an excellent fit and we are agreed on the benefit of identifying regional priorities to concentrate our resources on, with proactive agreement on delivery partners.

This is intended to result in agreeing a shared pipeline of development opportunities, collaborating on approaches to accelerated production (e.g. MMC) and aligning funding, capacity and skills.

As part of forging a stronger and closer working partnership, we anticipate a joined-up approach

with Homes England to maximise delivery of Affordable Housing by targeting Affordable Housing grant funding towards those sites that are not able to meet planning policy requirements due to viability, as well as identifying sites for 100% Affordable Housing, and that this will be facilitated under the Spatial Development Strategy and local plan policy framework.

Funding

Homes England has various funding programmes available for housing delivery including land assembly, housing infrastructure, loans for SME developers and Affordable Housing programmes, and strategic partnership arrangements are in place with key RPs.

Significant funding is available for Affordable Housing under both the remainder of the current programme which has been extended to 2022 for existing allocations and a new programme of £7.39 billion to deliver up to 130,000 affordable homes outside London by March 2026.

As well as supporting general needs housing this funding can support community-led housing, Move On accommodation, supported housing, rural housing and traveller pitches and these make a valuable contribution in increasing the diversity of homes provided to meet specific housing needs.

There are specialised funding pots available to meet specific needs such as community-led housing, ex-rough sleepers, supported housing, rural housing and traveller pitches and these make a valuable contribution in increasing the range of homes provided.



Homes England expects a significant number of homes delivered under these programmes to be via MMC technologies that promote improvements in productivity and quality. This includes a 25% MMC requirement for all Strategic Partners and a 10% MMC requirement for the rest of the programme funded through Continuous Market Engagement (CME).

One Public Estate (OPE)

One Public Estate (OPE) is a partnership between the Office of Government Property, the Local Government Association and MHCLG to support collaboration across the public sector to deliver local growth (jobs and homes), integrated customer-focused services and efficiencies (capital

receipts and running costs).

The West of England has successfully secured funding from various OPE bids rounds including funding used to establish the Joint Assets Board (JAB). The JAB continues to lead on coordinating OPE submissions including the bid for the current round of funding (OPE8). The JAB's co-ordination role covers the reporting of OPE expenditure against sums awarded, working collaboratively with UA and other public sector partner grant recipients.

Under OPE8, £10 million of revenue funding is available nationally (£2M on a recyclable basis) to fund early-stage project development, such as business case development, feasibility and masterplanning, site assessment studies and project management.

OPE8 is an ideal opportunity to take a strategic, regional approach and to make a more explicit link between OPE8 and housing delivery that aligns with Homes England, and which can be developed further under this Housing Delivery Strategy. WECA on behalf of the West of England Partnership has included £500K to establish the Regeneration and Housing Enabling Fund in a wider bid to OPE8 (total bid £1.71M) to be used to bring sites forward for delivery over the next 5-10 years, based on match funding from the WECA Investment Fund.

North Somerset are part of the OPE Partnership, but clearly not part of the Investment Fund. We will need to work through appropriate access to the fund for North Somerset.

Registered Providers

We have longstanding close and fruitful partnership arrangements in place with RPs in the West of England. The HomesWest partnership of 18 major developing RPs has been in place in various incarnations for around 15 years. Partners work at the West of England level to support increased delivery, engage in regional debate, support housing and planning policy development and develop best practice. Partners will also work at a unitary authority level, to meet local affordable housing priorities.

Affordable Housing programmes are increasingly being devolved to RP partners under Homes England Strategic Partnership arrangements. These are intended to enable RPs to embark on or expand land-led programmes to increase and accelerate delivery generally. There are five Strategic Partnerships that cover the West of England, offering the opportunity for these RPs to be part of the focused and aligned approach being developed under the Housing Delivery Board, and offering the UAs and WECA access to the RPs' intel and specialist commercial expertise alongside these significant funding allocations.

In the West of England, LiveWest, Sovereign, Curo and Bromford have strategic partnerships in place and between them have committed in principle to invest circa £315M in the WofE and to establish a long-term relationship as investment partners.

The basis of this is to use the Homes England funding to deliver 2,100 Affordable Homes by 2024, and to position themselves to take advantage of longer-term opportunities including ability to capture land value for reinvestment for wider public benefit.

The Unitary Authorities - in-house

Development and local housing companies

Bristol City Council has set up a multidisciplinary team to facilitate increased delivery of homes by RPs and developers, and also delivery of homes on Council owned Land.

The proposal brings together all the different disciplines currently working on housing, plus other specialists, to create a single, multi-disciplinary delivery team ('Housing Delivery Team'). They work across the Council and with partners to deliver the housing delivery programme. The team leads the way in making the council's approach more dynamic and pro-active; bringing together existing and new functions.



Goram Homes was set up by Bristol City Council in 2018 to build quality, affordable homes where they are needed the most. Goram Homes works in partnership with the private sector and Bristol City Council to build homes that create communities and that are economically, environmentally and socially sustainable.

Partners are chosen who prioritise making a positive impact on our city. Goram's partners share their values and ambition to improve the areas we work in and help our communities thrive.

South Gloucestershire Council has reviewed its land and assets for opportunities to deliver outcomes and benefits that align with the West of England Housing Delivery Strategy, the Council Plan and those identified by the communities the land is situated in.

These sites will form a pipeline to be delivered through a Joint Venture with a third party or third parties that have values that align with the Council's, and in partnership with local ward and parish councils and their communities.

South Gloucestershire Council will work with WECA to unlock land, resolve viability issues should they arise and accelerate delivery in order to deliver outputs and benefits such as:

- Improvements to the whole area,
- Protection and control of its land for the benefit of the wider area,
- Improvements to green infrastructure and biodiversity net gain,
- Carbon neutral place shaping that will achieve targets and objectives in line with the council's climate emergency action plan,
- Any local housing and employment needs, including additional affordable housing, and
- Post Covid-19 living and working environment requirements

B&NES has established a local housing company - Aequus Developments Ltd (ADL).

ADL develops on land or property largely within the Council's ownership which consists either of new-build schemes or redevelopment opportunities. This approach has already delivered over 100 homes, including a multi-award winning development in Keynsham. ADL develops to a Council Brief which has enabled the Council to shape development and deliver significant additional housing, which better meets local need and is constructed to a high standard of energy efficiency. ADL also brings the option to partner with other Local Authorities on a Joint Venture basis.

Bristol Housing Festival - establishing a Regional Centre of Excellence in Housing Innovation

WECA and the Bristol Housing Festival (BHF) are leading a regional discussion with public and private sector partners together with industry leaders to explore a regional centre of excellence in housing innovation. The ambition is to enable the South West to become the UK's leading region in the technology and deployment of zero carbon, quality and affordable homes delivered at pace. There is a compelling case to make, building on local needs, economics, opportunities and existing momentum.

The challenge is to facilitate a 'regional ecosystem' to support the development of MMC/OSM, whilst looking strategically at how land supply can be aggregated to enable it, and how to anticipate and meet the infrastructure needs. Attracting inward investment, jobs, local manufacturing/ development of the MMC supply chain and providing more affordable homes is

the ultimate goal, while seeking innovative solutions for land tenure and supporting the climate and clean air agendas.

As a result of an initial meeting we have set up two specific streams:

1. Policy, Commissioning, Land Aggregation and Tenure - to develop thinking about digital optioneering, commissioning and policy to create a regional context focussed on delivering zero carbon, quality and affordable homes at pace.
2. Supply Chain, Collaboration, Skills and Industrial Strategy - Developing the Ecosystems for Regional Centre of Excellence - to develop the ask and offer to the public sector about how the region can support the maturing and collaboration of the supply chain and co-design a regional industrial strategy to support skills, drive efficiency through collaboration in the MMC sector and creating a learning platform for other regions to step off.

Alignment with North Somerset

North Somerset is outside the Combined Authority, however plays a key role in the regional jigsaw. It is integral to the WofE housing market with key transport routes and hubs including the airport and is part of the Local Enterprise Partnership (LEP).

North Somerset works closely with WECA and the constituent authorities in addressing wider regional objectives and is represented on the JAB and HDB. There is a long history of close and successful partnership working, and North Somerset has benefitted from WofE funding streams such as Revolving Infrastructure Fund, Local Growth Fund.

Wherever we can work together collaboratively we aim to do so. This includes close alignment between the WECA SDS and the draft North Somerset Local Plan, currently being developed alongside each other, and sharing much of the evidence base.

Many aspects of this Housing Delivery Strategy cover North Somerset, and although North Somerset is not eligible for the initial LAF or DIF funding package, the strategy process can be applied against future funding streams that do include all four UAs as appropriate.

North Somerset will be able to access the OPE8-funded element of the Housing and Regeneration Enabling Fund.

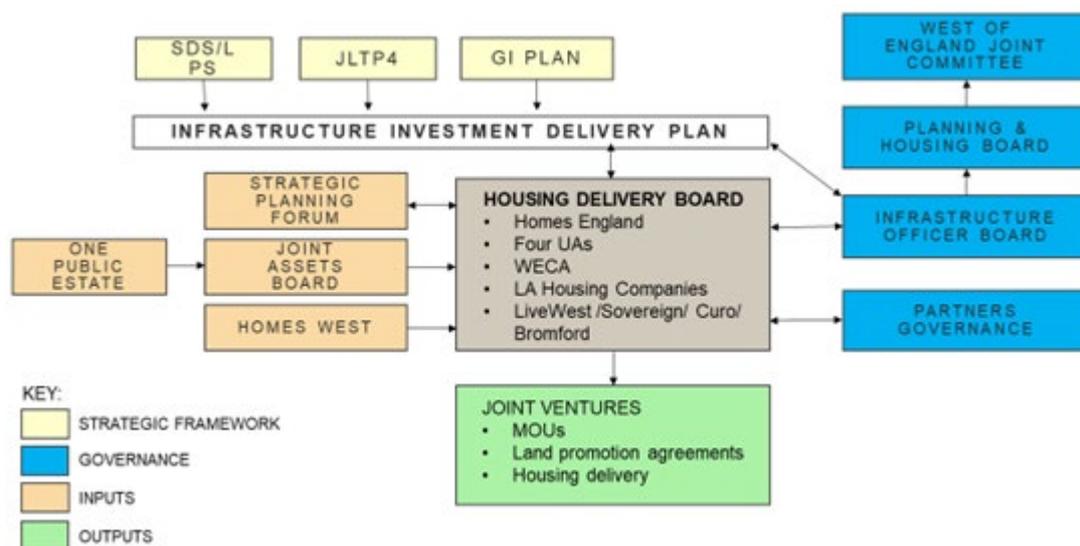
Governance of the programme and partner commitments - when and where are key decisions made?

The process is one of intel, alignment and endorsement, and preserves each organisation's specific governance. It works on the basis of info-sharing, trust and cooperation in the pursuit of the shared goal of maximising delivery and optimising the outcomes for the public purse.

The approach requires all parties to bring opportunities and intel to the table so that joint agreement can be reached on what can be achieved, the package of funding required and the best-placed delivery partners. This takes place at the JAB (for land assembly and use of the Housing and Regeneration Enabling Fund) and the HDB (for capital funding and delivery partners).

Proposals are then taken back to the individual organisations' Boards or Members for approval under the appropriate governance routes.

The governance map and strategic framework is shown in high-level terms in the table below:



What do we want to achieve?

The Housing Delivery Strategy is focused on delivering outcomes - increased pace, quality homes and affordable homes across all tenures, and includes some metrics of ambition.

WECA is preparing a Spatial Development Strategy (SDS) for Examination in 2022. The SDS will include a deliverable housing requirement for the WECA area following review of opportunities and constraints - a target for the number of homes to be delivered over a 20-year period. This will include a sub-target for Affordable Homes.

This Housing Delivery Strategy has been constructed to accelerate delivery to support the SDS housing requirement and sets the expectation that the funding delivers acceleration and additionality.

Over the period of the Strategy the outputs we are seeking are:

Pace - Achieving a rate of acceleration across the programme that on average enables schemes to start on site 2 years faster than projected

Using the **funding** currently available, and on the working assumption that a proportion of the funding is taken up on employment sites, the indicative housing targets are:

- Housing and Regen Enabling Fund (assuming a pot of £2M):
 - To progress 16 sites
 - At least one longer-term project
- DIF (£21M):
 - Accelerating delivery of 1,200 homes

Affordability

- achieving Affordable Housing policy compliance as a minimum across the programme
- exploring if there is an opportunity to increase the AH % to up to 50% on all suitable sites
- ensuring that the homes developed are in a range of types and sizes so that market housing is more affordable and within more people's reach

Quality

- Initially proposals for WECA Investment funding must demonstrate that they deliver at least one additional key benefit, for example carbon reduction or additional Affordable Housing, or is a flagship for new technologies (e.g. MMC/OSM). This is to allow flexibility while the process is established and to reflect that the economy needs to recover once we are out of the pandemic.
- Over time the intention is to raise the quality bar to maximise and optimise investment opportunities and embed more quality outcomes, including:
 - Zero carbon
 - Additional affordable housing
 - Additional adaptable or accessible housing
 - Improved Private Rented Sector housing
 - Improved sustainability/enhanced quality
 - Flagship site for new technologies (MMC or other)
 - site is suitable for community-led housing and/or low cost/high quality self-build development.
 - Outstanding design
 - Brings vacant property into use
 - Economic/job impact
 - Innovation or pilot - incl MMC
 - Enhanced green infrastructure
 - social value i.e. access to opportunity
 - Other benefits such health, education, inequality, addressing deprivation

Geographical areas of focus

An aim of this strategy is to establish a list of locations that are agreed priorities for investment so that we can demonstrate that there is a deliverable pipeline sitting behind funding asks.

As a first step, we have identified priority themes that will be used as a checklist against which to assess sites as proposals come forward.

The two overriding themes are growth & placemaking and regeneration, and proposals need to fit within one of these two key categories.

When considering priorities, we will take into account the following:

- Deliverability - sites that can progress quickly with fast intervention
- Strategic longer-term priorities emerging in the SDS and Local Plans including locations prioritised for masterplanning under the separate masterplanning Fund available to assist in identifying potential opportunity and capacity as another route to housing delivery.
- Regeneration priorities - link with post-covid recovery, high streets
- Specific UA priorities
- primary, secondary, specific opportunities eg secondary shopping centres
- public land ownership

Expanding the Toolkit

Over time, we will build on the foundations set out in this strategy to establish a comprehensive suite of interventions to drive and accelerate delivery and add value.

Under the Devolution Order 2016 the WECA Mayor already has CPO powers and can create Mayoral Development Corporations (both with consent from constituent authority).

The following is a list of potential options that can be explored:

- a. Cashflowing of land receipts to UAs
- b. Shared risk and reward approach - profit sharing pro rata to equity shareholding
- c. Potential model under which public land is sold at red book value subject to planning on a shared uplift basis
- d. Optioned sites - step-in model
- e. Underwriting risk e.g. to support delivery of MMC/OSM
- f. Underwriting of unit sales to incentivise build out
- g. investment in strategic infrastructure where intervention is required to unblock development
- h. Improving viability and delivering policy compliance
- i. Additional AH above policy requirement
- j. Funding of higher standards and/or improved affordability

Implementation and Delivery

The Housing Delivery Strategy is a blueprint for increasing and accelerating provision of new homes over the next ten years.

A programme of priority locations and sites will be worked up to be taken forward under the Strategy and will sit beneath it as part of the Implementation Plan.

The immediate focus will be on agreeing priority themes and locations and identifying and prioritising sites and other proposals for investment using the £40M funding package from the WECA Investment Fund (and OPE8 if approved).

Proposals will be taken to the Joint Assets Board (if they involve public sector land and/or strategic land acquisition) and the Housing Delivery Board for agreement on the delivery mechanism and delivery partners.

Approval will be via the appropriate governance route for each participating organisation.

The Implementation Plan will be developed in 2021 in collaboration with our partners including Homes England.

Appendix 1

Land Acquisition Fund (LAF) Assessment Criteria

General

The Land Acquisition Fund was established in 2018 to enable WECA and the constituent authorities to purchase sites directly to unlock and accelerate the delivery of infrastructure and housing. The funding is available where there is clear market failure and not for speculative land buying.

The principle of the fund is that it should recycle as a revolving acquisition fund to enable the funding to be reinvested over time to unlock more land on priority sites, as well as increase and accelerate delivery.

£24.2M has been allocated to the Fund from the WECA Investment Fund. The first use of the LAF provided £8.3M funding to acquire land at Bath Riverside and enable the delivery of more than 280 new homes, leaving £15.9M available.

Proposals will be assessed on the basis of:

- The likelihood of delivery with the intervention
- Value for money and capacity for grant repayment
- Strategic fit and added value.

Initial gateway stage

Each scheme must pass 100% of the gateway criteria before it can be considered for funding via a more detailed assessment.

A proportionate full business case (FBC) will be required as part of the detailed assessment stage.

first stage entry criteria - must score Y in all categories to pass initial gateway	Explanation
improved likelihood of delivery with public sector intervention	The UA must provide a narrative setting out the case for the funding intervention, i.e. explaining what the market failure is and why the site cannot proceed without the LAF funding. Other forms of public subsidy must be exhausted.
State Aid	There must be specific sign-off that the proposal is state-aid compliant by the Head of Legal of the applicant UA and WECA
Scheme cost cap <£10M total development cost	WECA contribution would normally be capped to £10M. Any higher bids must be genuinely exceptional and must address strategic, regional priorities.
current use valuation and valuer's assessment of potential future value with planning consent for housing	A 2-stage process with outline valuation acceptable at OBC stage subject to confirmation at FBC stage

opportunity to replenish the LAF	The UA to set out the proposed mechanism for replenishment and any proposal for sharing of risk and reward. The funding is fully repayable.
Strategic Fit: SDS, LIS, Investment Strategy, OPE or other strategic programmes, economic recovery	Self-explanatory. UA to provide written submission for WECA sign-off. Aligned with a priority location in the WECA Housing Delivery Strategy (HDS)
Min threshold 50 units	With option to accept a lower number in exceptional circumstances

Detailed assessment stage

Once through the gateway stage, the proposal is subject to detailed scoring and weighting.

Detailed Scoring	Qualitative score 0-3	Weighting	Assessment
opportunity for Land Value Capture	subjective score - 1-3	1	LA narrative to include an initial assessment of existing use value, EUV+ required in order to acquire, future use value
Delivery timescales	3 - 0-2 years. 2 - 3-5- years. 1 - 6 years +	2	Start on site (from date of award)
	3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	Completion (from date of award)
Homes delivered - additional /accelerated	Y - 3 N - 0	2	Additional - new housing not currently identified
	Y - 3 N - 0	1	Accelerated - beyond current trajectory
Value for money	3 - <£25K 2 - £25K - £35K 1 - £35K<	1	VFM calc £ per home for additional or accelerated
opportunity for replenishment	subjective score - 1-3	2	mechanism identified and any dependencies
Delivery of Affordable housing	3 - 50%> 2 40%- 49% 1 - 35%-39%	2	should be policy compliant as minimum
certainty of housing delivery	subjective score - 1-3	2	UA to provide narrative

<p>Wider quantitative and qualitative benefits:</p> <ul style="list-style-type: none"> Density Brownfield site Economic/job impact Innovation or pilot (e.g. MMC) Opportunity cost/risk Zero carbon Other benefits e.g. health, education, inequality, addressing deprivation 	<p>subjective score - 1-3</p>	<p>1</p>	<p>UA to provide narrative for assessment of whether a compelling case is made</p> <p>2,000 word limit</p>
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Appendix 2

Housing and Regeneration Enabling Fund Assessment Criteria

General

The Housing and Regeneration Enabling Fund is available as part of a suite of funding options to enable housing and employment sites across the West of England to come forward faster and add value, particularly aimed at complex locations and regeneration proposals that unlock additionality.

The aim of the fund is to help to unlock priority places for growth and regeneration by facilitating and accelerating the feasibility and pre-planning process where there is some kind of barrier preventing it from proceeding.

The funding can be used for traditional enabling activities such as scheme feasibility, site referencing and establishing delivery partnerships, and for specific projects that would deliver significant benefits over time, e.g. building capacity for MMC/OSM delivery.

The basic principle is that revenue funding is available of up to £200K per project to take forward proposals which WECA and the UA s are not able to fund individually. Match-funded proposals will be considered favourably.

The Enabling Fund is to be funded from a mix of OPE8 funding (£500K subject to OPE award) and headroom in the WECA Investment Fund (£2M plus a further £500K match funding if the OPE8 bid is successful). Schemes in North Somerset are eligible for OPE8 funding only. Funding awards may include a contribution from OPE8 funding, where appropriate.

Proposals will be assessed on the basis of:

- must deliver a specific output that demonstrates additionality
- must be used for an agreed priority proposal or activity relating to growth or regeneration
- the proposal can show progress towards delivery on site within a reasonable timeframe
- strategic fit and added value.

Gateway stage

Each scheme must pass 100% of the gateway criteria before it can be considered for funding under a more detailed assessment i.e. via a Feasibility and Development Funding Application.

first stage entry criteria - must score Y in all categories to pass initial gateway	Explanation
funding request must deliver a specific output that demonstrates additionality	The Fund is not intended for general economic development activity or business as usual costings, and must be used for a specific output, e.g. feasibility report, business case etc. The assumption is that a site/location earmarked for growth would either have a masterplan in place or emerging (<i>separate funding route for masterplanning</i>).
explanation why this fund is required and which other	The applicant must provide a narrative setting out the case for the funding intervention, i.e. explaining why proposals

<p>funding options have been considered and discounted</p>	<p>cannot proceed without the revenue funding and whether there is match funding available.</p>
<p>must be to be used for an agreed priority proposal or activity relating to growth or regeneration</p>	<p>Self-explanatory. Applicant to provide narrative.</p>
<p>Funding sought must be <£200K</p>	<p>WECA contribution would normally be capped to £200K (including any OPE8 funding). Any higher bids must be genuinely exceptional and must address strategic, regional priorities.</p>
<p>Strategic Fit: SDS, LIS, Investment Strategy, Housing Delivery Strategy or other strategic programmes, economic recovery</p>	<p>Self-explanatory. Applicant to provide written submission. Aligned with a priority location for growth or regeneration in the WECA Housing Delivery Strategy (HDS) or agreed employment land priority</p>
<p>the proposal can show progress within a reasonable timeframe (start on site within 3 years?)</p>	<p>Self-explanatory. Applicant to provide written submission.</p>
<p>basic assumption that full LP policy compliance is part of the proposal (if applicable)</p>	<p>This is an absolute requirement on housing schemes aligned to UA planning policy.</p>
<p>basic assumption that any scheme enabled by the Fund has potential to deliver at least one additional key benefit</p>	<p>capable of delivering additionality that would not otherwise be delivered by the market against at least one of the following criteria:</p> <ul style="list-style-type: none"> • Carbon reduction • Additional affordable housing • Additional adaptable or accessible housing • Improved Private Rented Sector housing • Improved pace of delivery • Improved sustainability • Flagship site for new technologies (MMC or other) • site is suitable for community-led housing and/or low cost/high quality self-build development. • Outstanding design • Brings vacant property into use

Detailed assessment stage

Once through the gateway stage, the proposal is subject to more detailed scoring and weighting

focused on a narrative submission, on the basis that the fund is to cover early-stage proposals that may not be well-worked up.

The aim is to allow a range of options to be assessed against each other - i.e. site-specific proposals and medium-term wider projects.

Feedback is welcome on whether the scoring and weighting are correctly balanced and works in practice.

Detailed Scoring	Qualitative Score 0-3	Weighting	Explanation
Degree to which the intervention results in a more investable and deliverable proposition	3) very strong case for investment and good confidence outputs will be produced 2) strong case and reasonable confidence 1) moderate case and plans to be further developed	2	must demonstrate that without investment, project will not proceed or not at an acceptable pace
Leverage	3) 50% plus of cost of project from other sources 2) 25-50% 3) below 25%	1	What is the mix of public sector sources in place to deliver the project?
scale of the opportunity	3) very strong case for investment and good confidence significant outputs will be produced 2) strong case and reasonable confidence 1) moderate case and plans to be further developed	2	What can be delivered via the proposal? To what degree does this investment move the proposal forward and the remaining risk? Is the proposal for a large/complex site or regeneration proposal?
Delivery timescales/ project milestone - starts	3 - immediate. 2 - 3 months. 1 - 6 months	2	this relates to the specific output that we are funding
Delivery timescales/ project milestone - completes	3 - 9 months 2 - 12 months 1 - 18 months	2	this relates to the specific output that we are funding

delivery timescales - are we closer to delivering a physical scheme?		1	likely timescale to deliver homes or employment space as a result of delivering the enabling project. May need to be case-specific?
Is the proposal an agreed priority location or theme e.g. part of an agreed 5 year pipeline?	3) top 3 locations/priority 2) locations 4-8/ med priority 1) locations 9-15/ low priority	2	how does the site fit with the priorities for growth and/or regen in the Housing Delivery Strategy or agreed employment priorities?
Wider quantitative and qualitative benefits	UA to provide narrative for assessment of whether a compelling case. 1,000 word limit. Subjective score 1-3	1	As per gateway criteria and in addition: Density zero carbon Brownfield site Economic/job impact Quality Innovation or pilot - incl MMC opportunity cost/risk green infrastructure social value i.e. access to opportunity Other benefits such health, education, inequality, addressing deprivation

Appendix 3

Development Infrastructure Fund (DIF) Assessment Criteria

General

This sets out the assessment criteria for accessing grant under the DIF as ‘gap-funding’ to deliver housing and/or employment sites.

The basic principle is that up to £15K of ‘sunk’ grant is available per unit as gap funding and additional funding is available on top or separately as repayable grant.

The DIF is to be funded from headroom in the WECA Investment Fund and therefore only WECA-constituent authorities are eligible. Views are sought from North Somerset officers as part of this process.

Proposals will be assessed on the basis of:

- The likelihood of delivery with the intervention
- Value for money and capacity for grant repayment
- Strategic fit and added value.

Gateway stage

Each scheme must pass 100% of the gateway criteria before it can be considered for funding via a more detailed assessment.

A proportionate full business case (FBC) will be required as part of the detailed assessment stage. An outline business case (OBC) may be required if appropriate.

first stage entry criteria - must score Y in all categories to pass initial gateway	Explanation
clear viability gap and improved likelihood of delivery with public sector intervention	<p>The UA must provide a narrative setting out the case for the funding intervention, i.e. explaining why the site is unviable and how it can be delivered with the grant funding bid.</p> <p>The intention is that opportunities to use other forms of public subsidy are exhausted and/or packaged together with DIF funding. Funding is for both viability gaps and acceleration i.e. where the market will not deliver or will not deliver at a satisfactory pace.</p>
State Aid compliant	There must be specific sign-off that the proposal is state-aid compliant by the Head of Legal of the applicant UA and WECA
Total funding sought must be <£10M (i.e. both sunk grant and repayable elements)	WECA contribution would normally be capped to £10M. Any higher bids must be genuinely exceptional and must address strategic, regional priorities. The DIF can be combined with other public funding in a comprehensive package.
Green book-compliant viability assessment provided	<p>NB - we want to encourage bids at an early stage when a full viability assessment may not be available. Potential options:</p> <ol style="list-style-type: none"> 1) sites where it is likely there will be a viability gap - outline assessment to understand the likely gap - in house basic demand and need study proportionate to scale of development 2) High-level assessment acceptable at OBC stage

	3) detailed assessment required at FBC stage.
Commitment to repay the DIF in whole or part	<p>This is key to the assessment process. Current thinking is to cap any 'sunk' grant element to £15K per unit and make repayable grant available on top or separately, i.e. both types of grant are available, however there must be commitment to repay an element of the grant.</p> <p>The UA is to set out the proposed mechanism for repayment and/or sharing of risk and reward.</p> <p>Specific conditions to be agreed in the Grant Agreement.</p> <p>There is no fixed target for the revolving element, but it is envisaged this is a high proportion of the funding. There is no maximum payback period, but this is a scored criteria and earlier repayment provides for earlier reuse. We would hope, ideally, to have a balanced portfolio in terms of scale, delivery/return timescales and risk Match funding taken into account in detailed scoring.</p>
Strategic Fit: SDS, LIS, Investment Strategy, OPE or other strategic programmes, economic recovery	<p>Self-explanatory.</p> <p>UA to provide written submission for WECA sign-off.</p> <p>Aligned with a priority location in the WECA Housing Delivery Strategy (HDS)</p>
1) housing schemes - minimum threshold 50 units 2) employment - minimum 500m2 floorspace	<p>Housing site threshold - the Fund is aimed at larger opportunities in line with the LAF and HDS, and there is an option to accept a lower number</p> <p>Employment - need to allow for smaller schemes e.g. town centre restructuring</p>
full Local Plan policy compliance including Affordable Housing	<p>This is an absolute requirement on housing schemes aligned to UA planning policy, unless planning consent already in place for a lower % after viability assessment. Funding can be used to meet viability gap where full AH not achievable by increasing to full policy compliance.</p>
additional criterion for housing projects: Requirement that the Fund delivers at least one additional key benefit	<p>capable of delivering additionality that would not otherwise be delivered by the market against at least one of the following criteria:</p> <ul style="list-style-type: none"> • Additional affordable housing • Additional adaptable or accessible housing • Improved Private Rented Sector housing • Improved sustainability • Flagship site for new technologies (MMC or other) • site is suitable for community-led housing and/or low cost/high quality self-build development. • Outstanding design • Carbon reduction

Detailed assessment stage

Once through the gateway stage, the proposal is subject to detailed scoring and weighting. Some of the metrics apply to housing sites only and others to employment sites only (self-explanatory) - the aim is to allow these types of sites to be assessed against each other although it is to be agreed whether this works or not in practice.

Detailed scoring	Score 0-3	Weighting	Explanation
Leverage	1) DIF requirement is 50% plus of total public funding from all sources 2) 25-50% 3) below 25%	1	What is the mix of public sector sources in place to deliver the project? The objective is to line up additional partner funding and use it most effectively - e.g. may be able to use DIF where other funding such as the Homes England SHIF cannot be used. UA land contributed at nil or discounted value is part of the overall public funding.
Delivery timescales - housing	Start on site (from date of award): 3 - 0-2 years. 2 - 3-5- years. 1 - 6 years +	2	
Delivery timescales - housing	Completion (from date of award): 3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	
delivery timescales - employment	Start on site (from date of award): 3 - 0-2 years. 2 - 3-5- years. 1 - 6 years +	2	
delivery timescales - employment	Completion (from date of award): 3 - 1-3 years. 2 - 4-6 years. 1 - 7 years +	2	
Homes delivered	3 - 299+ 2 - 150 - 299 1 - 50 149	2	
employment space	3 - 10,000m ² + 2 - 5,000m ² - 9,999m ² 1 - 500m ² - 4,999m ²	2	Can be multiple units

VFM - housing delivery (based on sunk grant only)	3 - <£9.99K per unit 2 - £10K - £14.99K 1 - £15K	2	This relates to any grant requirement which is unlikely to be repayable, i.e. 'sunk' grant. Repayable grant is available on top and is assessed separately.
VFM - employment space	3 - <£9.99K per 2000m2 2 - £10K - £14.99K per 2000m2 1 - £15K per 2000m2	2	A maximum of £15k will be awarded for every 2,000 sqm of floor space delivered.
Proportion of total funding (sunk and repayable) to be repaid	3) 75% plus 2) 75% - 50% 1) up to 49%	1	What % of the total funding is due to be repaid? Unlike the LAF it does not feel reward sharing is a likely outcome and to avoid further complicating the criteria perhaps this is better dealt with on a individual basis perhaps like the North Keynsham LAF example (where B&NES and WECA are joint applicants)
Timing of completion of repayment	3) within 3 years of start on site 2) 3 - 7 years 1) over 7 years	1	How long after funding award will repayment be made?
Is the site an agreed priority location?	3) top 3 sites 2) sites 4-8 1) sites 9-15	2	how does the site fit with the pipeline of sites to be put in place with priorities agreed by WECA, UAs, Homes England and delivery partners?
Wider quantitative and qualitative benefits	subjective score - 1-3	3	UA to provide narrative for assessment of whether a compelling case (2,000 word limit). Issues to cover: <ul style="list-style-type: none"> • Density • Brownfield site • Economic/job impact • Quality • Innovation or pilot - incl MMC • opportunity cost/risk • carbon reduction • green infrastructure • diversity and inclusion • social value i.e. access to opportunity • Other benefits such health, education, inequality, addressing deprivation