

# Housing & Regeneration Functional Strategy



**Mayor of the  
West Midlands**



**West Midlands  
Combined Authority**

# Contents

<b>Context and ambition .....</b>	<b>2</b>
Regional housing and regeneration market challenges.....	2
Thematic Priorities .....	3
Functional Strategy aims and ambitions.....	4
<b>Funding and outcomes.....</b>	<b>5</b>
Outcomes .....	5
Resources available for this Spending Review period .....	5
Key delivery activities .....	6
<b>Integration with existing strategies .....</b>	<b>7</b>
Place-Based Strategies .....	7
Integration with other Functional Strategies .....	8
Inclusive growth .....	8
<b>Future Spending Review periods .....</b>	<b>9</b>

Date: 14 March 2025

Further Information	
Lead Officer	<b>Rob Lamond</b> Head of Strategy & Analysis (Housing Property & Regeneration) <b>Rob.Lamond@wmca.org.uk</b>

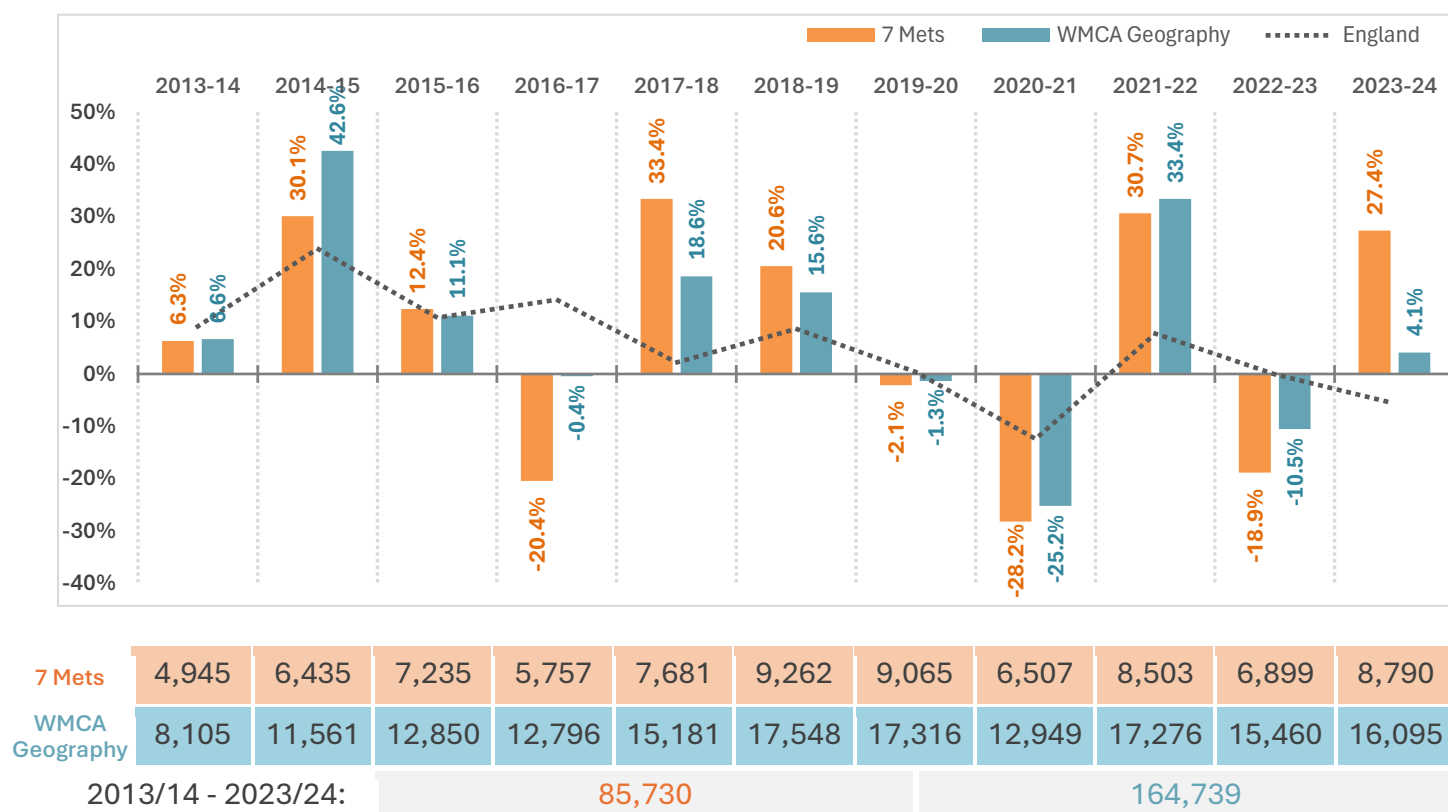


# Context and ambition

## Regional housing and regeneration market challenges

From the rich industries of the Black Country and the trades of Birmingham to the rolling hills of Shropshire and the cultural history of Stratford-upon-Avon, the West Midlands has a rich and diverse past. With this proud history comes unique and diverse challenges in construction and housing delivery – in particular, the contaminated and derelict land that remains following de-industrialisation and re-structuring – as summarised below.

**Economic and market conditions impacting delivery.** The economic uncertainty and changing regulatory environment of the past few years have resulted in significant challenges for the house building industry, including build cost inflation, material and skills shortages, increased labour costs and the rising cost of debt. Volatility in the market is reflected in fluctuating year-on-year change in new housing supply in the region, as shown in the chart below.



Source: MHCLG, [Live Table 122: Net additional dwellings by local authority district, England 2001-02 to 2023-24](#), November 2024 release

**Local, regional and national priorities to deliver more, high quality, affordable and social homes.** With over 64,000 households on the housing waiting list, and social housing supply falling far short of the demand faced by local authorities, the need for more social, affordable and well-designed homes is high. Affordable housing delivery in the West Midlands requires a flexible and diverse tenure-mix which can meet local housing needs and address a broad range of challenges, such as reducing the number of households in temporary accommodation or providing access to home ownership.

**Local leadership over delivery constrained by Section 106 difficulties.** S106 agreements are a tool that local authorities use to secure developer obligations within a project, often for affordable housing. The economic and market conditions discussed above, as well as other factors including remediation requirements, have resulted in a downturn in the amount of affordable housing secured through S106. Housing associations are taking on fewer S106 units from developers, and developers are using viability arguments to remove affordable housing obligations.

**Requirements for infrastructure investment.** New places and communities need sufficient infrastructure and utilities provision, a lack of which hinders development. Providing the necessary infrastructure – new roads, public transport, high quality public realm, energy and digital capacity – is expensive and time-consuming, and options for public intervention for such improvements are often limited. The demand for greener and more efficient infrastructure further increases viability constraints, despite being fundamental to delivering sustainable and quality placemaking.

**Ensuring housing accessibility and health outcomes.** Delivering homes with good design quality will not only improve residents' health but also address the regional demand for more specialist and supported accommodation. With many councils struggling to secure delivery through S106 agreements and being faced other challenges as discussed above, the pace of delivery is not meeting the needs of our residents. The West Midlands also has diverse housing needs which must be considered locally, requiring a mix of private and public sector investment or levers to deliver sustainable communities and inclusive growth.

Despite these challenges, since 2018, WMCA and its partners have secured devolved funds from Government that we have deployed to address market failure and complex remediation requirements, in turn, unlocking much needed housing-led development. Funding allocated to date has unlocked sites across the wider WMCA geography that are forecast to deliver over 9,000 new homes, circa a third of which will be affordable (as presented in the Development & Delivery Dashboards at Investment Board in March 2025).

## Thematic Priorities

WMCA will target resources from across Housing & Regeneration, both inside and outside of the Integrated Settlement, in the following way:

**Geographic areas of focus.** We will prioritise key geographies and themes identified within Place-Based Strategies and the regional housing & regeneration pipeline.

**Brownfield regeneration.** We will focus on utilising derelict or underused brownfield sites to unlock the housing and placemaking needs of the region, whilst also enhancing the local area and community, with WMCA acting as a gap funder for sites which would not be brought forward without public sector intervention.

**Affordable & social homes.** We will bring together the resources and funding opportunities available to the WMCA and Homes England through a joint pipeline. This will enable us to align, where appropriate, Affordable Homes Programme investment decisions with the WMCA's strategic priorities and local housing needs.

**Place-making.** We will utilise existing WMCA resources across the devolved pillars and work with private and public sector partners to ensure new developments consider the region's broader placemaking objectives and meet the needs of a local area. For example, we will ensure new homes are a suitable tenure mix, energy efficient and sustainable, well connected to public transport and green spaces, have access to local services, and good job or training opportunities. Housing & Regeneration funding will also be deployed to deliver placemaking alongside brownfield regeneration, where there are funds available to do so and there are demonstrable and measurable outcomes being unlocked.

**Town centres & high streets.** We will work with local authorities to understand the important and changing roles of high streets across the West Midlands, ensuring funding and interventions can maximise outcomes for a local place. There has been a significant increase in demand for residential-led developments across town centres, including the repurposing of existing retail units into new homes, creating new delivery barriers for the market.

**Public sector land delivery.** We will utilise partnerships such as the Strategic Place Partnership to bring together expertise, resource or funding from across public sector organisations to support the acquisition and disposal of land, enabling the delivery of Place-Based Strategies and local priorities.

**Estate regeneration.** We will use our funding flexibilities to explore opportunities for more estate regeneration, where existing social housing estates are no longer fit for purpose. This has the potential to deliver high numbers of high quality, new social and affordable homes for the region, whilst also making positive improvements to places. Integrated Settlement funding could also be used to deliver estate regeneration alongside brownfield regeneration and Affordable Homes Programme funds, where available.

## Functional Strategy aims and ambitions

This Housing & Regeneration Functional Strategy takes the complex and variable factors outlined above and seeks to address the challenges local areas face and provide longer-term certainty and confidence for local authorities, developers, registered providers, institutional investors and the wider sector, so that we can collectively plan to deliver transformative change for communities and places across the region.

The Housing & Regeneration Functional Strategy will deliver the region's housing and placemaking priorities by:

- Bringing together the region's new devolved housing and regeneration capital funds (excluding the post-2026 Affordable Homes Programme) into a single investment mechanism;
- Developing and unlocking cross-tenure, place-based schemes to maximise their outcomes;
- Working with local authority partners to plan and outline priorities, building a longer-term and more strategic pipeline of opportunities;
- Working with other partners to bring together funding and resource across the private and public sector to strategically intervene in priority projects; and
- Stimulating market demand and subsequently increasing private investment into additional projects and schemes.

The ambitions of the Housing & Regeneration Functional Strategy are to:

- Further develop our place-based, priority-led, strategic investment model;
- Maximise a regional development pipeline that focuses investment on brownfield remediation and housing-led regeneration, whilst also driving commitments to wider outcomes and meeting the local ambitions of an area;
- Drive a partnership approach, working with local authorities and partners like Homes England, to strategically align investment or resource and enable collective discussions about joint priorities;
- Enable a more mature approach to delivering and evaluating outcomes which goes beyond the consideration of outputs and incentivises partners to drive inclusive economic growth and tackle inequalities; and
- Shape funding programmes to be more flexible beyond 2025-26.

## Funding and outcomes

### Outcomes

Outcome	Outcome indicator(s)	Outputs
<b>Increased supply of the infrastructure and quality housing needed by communities</b>	Number of homes unlocked	Unlocked housing capacity in 25/26 (measured via contracts agreed between WCMA and funding recipients)

\*No target for FY25

The ‘unlocked housing capacity’ in the target above would measure the number of homes stipulated in a contract and would be measured at the point that funding agreements are signed, as per several existing Government funds.

### Resources available for this Spending Review period

To deliver the outcomes being negotiated with Government, the Housing and Regeneration pillar for the first year of the Integrated Settlement, i.e., 2025/26, will be made up of the following funds:

Funding line	Financial year 2025 allocation	Type	Existing or newly devolved fund
Brownfield Infrastructure and Land Fund	£34m	Capital	Existing
Brownfield Housing Fund	£26.11m	Capital	New. These funds pre-date the Integrated Settlement, but with separate terms and conditions that have been removed upon inclusion in the Integrated Settlement.
Brownfield Land Release Fund	£2.58m	Capital	

The total Housing & Regeneration allocation for financial year 2025/6 is approx. £63m – all of which is capital funding. Besides the outcomes, the functional definition and the funding available, no separate criteria are being set by Government on the use of these funds.

WMCA propose to allocate up to 5% of this capital funding to support the revenue costs involved with successfully delivering the Housing & Regeneration pillar. Further details of this allocation will be detailed in the Programme Business Case.

## **Key delivery activities**

For this financial year, we intend to treat the capital funds in the Housing and Regeneration pillar in two ways.

### *Brownfield Infrastructure and Land Fund: Housing Delivery*

The allocation of the £34m<sup>1</sup> of Brownfield Infrastructure & Land (BIL) Fund will be driven by an existing programme pipeline, where schemes are already being progressed through WMCA's governance processes. Analysis of the programme pipeline indicates that there is strong potential for delivering the required housing capacity and outputs in 2025-26, however these projects are subject to WMCA approval and further due diligence before funding can be formally allocated.

We propose using the £34m allocation in this way to reflect that we have a comparatively short period of time to deliver the required number of contracted homes for the coming financial year, alongside delivering against 'legacy' housing fund targets. Using the BIL allocation in this way will enable us to progress schemes through a tried and tested funding application process to efficiently meet our regional targets.

This allocation of BIL funding will be delivered in line with the existing terms and conditions of that fund and, therefore, will be aligned with the delivery of the outcome targets for 2025-26. This approach will also provide more flexibility for how the remaining £28.69<sup>2</sup>m of capital funding within the Housing and Regeneration pillar can be used – see below.

### *Housing, regeneration and place-making*

For the remaining allocation made up of via the MHCLG budget lines for the Brownfield Housing Fund and Brownfield Land Release Fund (approximately £28.69m), we intend to intervene in housing-led schemes that will deliver wider placemaking outcomes and would have been difficult to deliver using previous devolved funding programmes. This will enable us to consider a broader range of schemes, including estate regeneration and mixed-use residential developments, identified as local priorities and connected to the broader strategic plans of a place.

---

<sup>1</sup> The £34m figure here is the capital sum for Brownfield Infrastructure and Land Fund without any deductions for revenue purposes. If the decision is taken to use the flexibilities within the Integrated Settlement to turn capital into revenue, then this £34m figure would reduce.

<sup>2</sup> The £28.69m figure here consists is the sum of next Financial Year's allocations for Brownfield Housing Fund and Brownfield Land Release Fund added together and without any deductions for revenue purposes. If the decision is taken to use the flexibilities within the Integrated Settlement to turn capital into revenue, then this £28.69m figure would reduce.

WMCA is working with local authority partners to identify priority schemes and develop a pipeline to enable a prioritisation process. It is intended that the prioritisation framework, which will remain live and be regularly reviewed, will use scoring criteria focused on assessing the strategic fit, deliverability and value for money of projects, with weighting of each element to be agreed during the co-development process. Scoring will also reflect the project's contribution to both local and regional objectives, with consideration given to where projects sit within a priority place, such as those identified in Place Based Strategies. Within the framework, local authorities will be responsible for promoting their priority schemes and outlining the outcomes and outputs the funding will enable. Those projects which are not successful in receiving funding during financial year 2025/2026 will be eligible for further consideration under future Spending Reviews.

The intention of this approach is to place greater emphasis on the transformative regeneration impacts of new developments and consider these outcomes over a longer term than has been possible previously. This said, there will still be a requirement to consider schemes in the context of the Integrated Settlement outcomes (including, where relevant, requirements already agreed for the in-train BIL programme) and WMCA's legal, financial and assurance requirements.

## Integration with existing strategies

### Place-Based Strategies

Place Based Strategies are establishing a pipeline of housing and regeneration schemes within priority geographies across each of WMCA's 7 constituencies. These strategies will play an important role in defining the thematic and scheme priorities for an area and identifying where resource can be aligned across pillars of the Integrated Settlement to maximise place-based outcomes.

The Housing & Regeneration Functional Strategy will support the delivery of Place Based Strategies in the following ways:

- Greater funding flexibilities will enable us to consider the wider outcomes of our investments and how this aligns with the local needs and ambitions of a place, as defined within a Place Based Strategy.
- The development and implementation of a prioritisation framework will ensure that consideration is given to whether investment under this pillar is contributing to the geographical and thematic priorities outlined within a Place Based Strategy.
- Developing a regional housing and regeneration pipeline which is underpinned by Place Based Strategies and identifies the outputs and outcomes potential of local priority schemes.
- Targeting investment into priority housing-led schemes which will contribute to the delivery of a Place Based Strategy.
- Working collaboratively with other pillars under the Integrated Settlement to align funding and resource, maximising the impact of devolution and driving the delivery of targeted outcomes.
- Working with partners such as Homes England to align funding, resource and capacity which will support the long-term ambitions of a Place Based Strategy.
- Continuing to negotiate and secure greater flexibilities in our funding programmes which will enable longer fiscal periods to support the delivery of long-term priorities and outcomes.



## Integration with other Functional Strategies

**Buildings' Retrofit (Net Zero).** There are multiple activities within the Housing and Regeneration pillar that have a relationship with those in the Retrofit pillar of the Integrated Settlement. The ability to use new flexibilities in housing and regeneration funding to support estate regeneration provides an avenue for coordinating retrofit and housing funding, particularly where this relates to decency and standards enforcement in the Private Rented Sector.

**Adult Skills and Employment Support.** The proximity of housing to jobs is critical to placemaking, particularly in areas of higher deprivation. Additionally, the construction sector is experiencing a skills shortfall, particularly in key craft trades with the average worker age of over 50. Constraints on construction capacity and subsequent build cost inflation are a significant cost pressure on the viability of schemes. Likewise, Manufacture of Future Homes was identified as one of the eight high growth clusters in the Plan for Growth, it is critical that that provision of skills for this sector matches demand.

**Local Growth & Place.** The Housing & Regeneration and Local Growth & Place Functional Strategies have extensive complementarity. The activities pursued in Housing & Regeneration will support the 'pride in place' component of Local Growth & Place. The support for new employment space, either through large strategic sites, mixed use housing-led schemes or smaller high street interventions, covers the priorities of both.

**Local Transport.** There are important strategic overlaps between the Local Transport and Housing and Regeneration pillars in the Integrated Settlement. TfWM's 'six big moves' do not have to be realised by transport interventions alone, the choice of the kind of housing and regeneration project to be delivered and where can support them. At the same time, housing and regeneration projects require transport interventions to support the delivery high quality schemes – changes to highway layouts can improve the attractiveness and value of regeneration projects, for example.

## Inclusive growth

**Designing out homelessness.** All types of housing supply, especially social and affordable homes, have a role to play in a systemic approach to reducing and preventing all types of homelessness. Increasing the availability of decent, safe and affordable homes will not only improve housing security for many residents but will also enable greater access to local support services where additional needs may be identified.

**Accessible homes.** Aligned with the 'Homes for Everyone' Mayoral priority, we aim to make the West Midlands an exemplary region for building social and affordable homes and creating vibrant communities so that everyone will have a place to call homes. This includes recognising the diverse needs of West Midlands residents and ensuring that homes are accessible, adaptable and sustainable for disabled people or those with additional housing requirements.

**Health and ill health prevention.** Creating homes which are safe, secure and warm is essential to ensuring residents can live a fulfilling life and have access to improved life chances. Enhancing the quality and availability of different types of homes will also reduce the number of people

experiencing cold and damp, overcrowding or inaccessible housing, providing relief to local public services such as GP Surgeries.

## Future Spending Review periods

This Functional Strategy responds to the outcomes, funding and functional definition of the 2025/26 Integrated Settlement period. We anticipate that future Spending Reviews will cover more than a single financial year and in that period, we will add further layers to this Functional Strategy. In particular:

- Coordination across capital pipelines: across the Integrated Settlement for each Spending Review period, there will be multiple programmes running in parallel. Setting these out in advance and planning across pillars will be beneficial to multiple programmes. This is more feasible for longer Spending Review periods, especially if outcomes and funding are set out sufficiently in advance;
- Partnership working with Homes England through our Strategic Place Partnership and the development of the Regional Pipeline
- Supporting the region's future housing building cluster and major growth enablers
- Supporting SMEs and Community Housing providers: at present, as a result of the risks of non-delivery of housing targets and the short-term nature of housing grant funding, it is a challenge to work with SMEs and Community Housing groups on the planning and delivery of homes. In future Spending Review periods, how the flexibilities of the Integrated Settlement can be used to broaden the range of organisations who receive housing and regeneration funding to SMEs and Community Housing providers will be explored;