



The Rt Hon Grant Shapps MP
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To all LA Leaders

Dear Leader

12 November 2010

NEW HOMES BONUS CONSULTATION

The Coalition Government inherited a catastrophic decline in home building. A combination of the recession, divisive top-down targets and a public subsidy-driven approach delivered just 118,000 completions in 2009. This was the lowest level of house building in England and Wales in peace-time since 1923-24. We need a fundamentally different approach – a **New Homes Bonus**.

At the moment, councils and communities don't have enough of an incentive to welcome new homes. Rewarding rather than penalising councils and communities for new homes is not only fairer, but will be far more effective than the failed top-down regional targets which served only to antagonise. People know that new homes are needed – now they will have a say in where they should go as well as seeing the real benefits of the new homes built in their communities.

On the 9 August, I wrote to you as well as MPs in England setting out my intention to introduce the New Homes Bonus and making a commitment to consult on the scheme design shortly after the spending review. **I am pleased to announce that the Consultation has been published today** and is available, with other background information at; <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus>. These set out the Government's policy to *match fund the additional council tax raised when a new home is built, or a property is brought back into use, with an additional amount for affordable homes* and we will reward those who take action now to increase house building. The consultation seeks views on how to implement the "New Homes Bonus". It sets out the details of the scheme and the rationale for the proposed mechanisms.

As announced in the spending review, we have set aside nearly £1 billion over the Spending Review period and funding beyond that level will come from formula grant. This includes around £200 million to fund the scheme in Year 1. Now we need your contributions to make sure the New Homes Bonus works and delivers the homes your communities need.

I am writing in similar terms to your local MP and I look forward to reading your response.

A handwritten signature in black ink, appearing to read "Grant Shapps".

GRANT SHAPPS MP