



New Homes Bonus Scheme

Summary of responses to consultation



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Ministerial foreword

Thank you to everyone who responded to the consultation. I am delighted by the overwhelming support for the scheme and I have carefully considered the concerns that have been raised. The number of responses shows just what an important issue this is. We all want to live in a home that meets our needs and from which our families can reach for their aspirations.

For decades house building has failed to keep pace with people's needs. And recently, a combination of the recession, divisive top-down targets and a public subsidy-driven approach has led to a catastrophic decline in the number of new homes. We are currently experiencing the lowest level of house building in England and Wales in peace-time since 1923-24, and the cost of a home doubled in real terms between 1997 and 2007.

Housing is central to economic success. We need to make building homes a motor for growth again – creating new jobs and great places to live and work. The previous system did not provide the right incentives for councils and local people to welcome the local growth that they can see is needed. Instead communities were penalised for accepting new homes and understandably opposed development. Now, communities will see the economic and social benefits of having the housing they want. Communities could benefit from reductions in council tax, or a redeveloped town centre or a new community centre or play park as a consequence of accepting new homes. It will be up to them.

The New Home Bonus will have localism at its heart. It will re-energise communities. It will encourage local politicians to lead a debate with communities about the benefits of new homes. Local authorities will be expected to work with local people to develop their housing plans in ways that meet their needs and concerns. The Community Right to Build, mutual solutions and self-build schemes will give people more say in providing new homes for themselves. And it's not just new build. Empty homes are a blight on communities and are a cause of anti-social behaviour. The Government has already stated that empty homes that are returned to use will qualify for the New Homes Bonus - something that will not only improve the supply of homes, but also improve communities.

The New Homes Bonus is a key part of a wider framework of incentives to support growth. The Community Infrastructure Levy is an effective way of ensuring that development is supported by adequate infrastructure. Through the Local Government Resource Review the Government will explore a range of options for encouraging local authorities to support business growth including the full localisation of business rates.

Local authorities have a central role in facilitating this economic and social growth. In housing this means building strong partnerships with the private sector, writing ambitious development plans, releasing land for development and engaging with their communities to ensure their plans are based on their views. Where they are proactive in securing growth they will reap the benefits.

Communities know they need new homes. The New Homes Bonus gives them the incentive to welcome them.

Rt Hon Grant Shapps MP

A handwritten signature in black ink, appearing to read 'Grant Shapps', with a small flourish at the end.

Minister for Housing and Local Government

1. Introduction

The Government's proposed scheme design was published in the *New Home Bonus Consultation* on 12 November 2010. The consultation set out the details of the scheme and the rationale for the proposed mechanisms. It also set out how the scheme sits within the wider context of the Government's locally-driven growth strategy. The consultation was largely technical and aimed primarily at local authorities. We received almost 500 responses in total. One hundred and seventy-seven shire districts, 54 unitary authorities, 38 national partners, 33 shire counties, 27 metropolitan authorities, 26 London boroughs, 22 housing organisations 11 town and/or parish councils, and the remainder from a range of interested parties including: Members of Parliament, community groups, individuals; special interest groups; and local and regional partnerships. A full list of respondents is at Annex A.

The New Homes Bonus has been met with widespread approval, both in terms of the principle of using incentives to encourage growth and in terms of the specific design aspects of the scheme. The Government will therefore implement the scheme immediately. The final design is being published alongside this summary of responses and is available at:
<http://www.communities.gov.uk/housing/housingsupply/newhomesbonus>

The Department will monitor and evaluate the effectiveness of the scheme to ensure that it achieves the maximum impact.

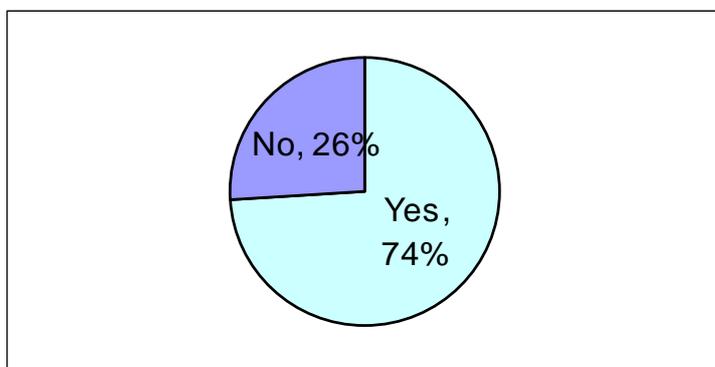
2. Summary of responses and the Government response

2.1 Scheme design

Question 1: Do you agree with our proposal to link the level of grant for each additional dwelling to the national average of the council tax band?

Two hundred and forty-nine respondents (52%) gave a clear indication of whether they agreed with this proposal. Of those, 185 (74%) agreed and 64 (26%) disagreed.

Figure 1: Percentage of respondents to question 1 who agreed/disagreed with the proposal



Of those respondents who answered this question, a large majority were in favour of the Government's proposal to link the level of grant to the national average of the council tax band. A number of respondents commented that it was a clear, transparent and equitable way to allocate the bonus. Others welcomed the proposal to link the level of grant to the specific type of home, viewing it as an incentive for local authorities to build a range of properties, rather than just high density flats that a flat rate grant might encourage. Others noted that using the national average as the basis of the grant level would ensure that local authorities were not penalised for maintaining low council tax levels and that this would be fair and equitable across the country.

There was a minority of respondents who disagreed with the proposal. Some were concerned that linking the level of grant to the council tax band of the home would encourage the building of larger, 'executive' housing, at the expense of more affordable homes and social housing. These respondents tended to argue for a flat rate for all properties. Others were concerned that the proposed scheme would disproportionately benefit more affluent areas of the country where the council tax band profiles were higher. There were also a small number of respondents who suggested that the grant should be based on a local council tax average or on the council tax level of individual local authorities.

Government response

DCLG welcomes the broad agreement for the proposal and has carefully considered the views of those who disagreed.

DCLG agrees that the scheme needs to ensure that a variety of homes are built according to local need. In recent years too many flats have been built and the proposed scheme was intentionally designed to provide a greater incentive to build the right types of homes in the places that people want them. The Department is not persuaded that the scheme will encourage the building of an excessive number of 'executive' homes. Whilst the grant awarded for one of these homes is greater than for a smaller house, the extra space required for the larger homes means that it does not automatically follow that using a larger area of land to build 'executive' houses will secure the highest levels of grant. Furthermore, it will remain the responsibility of local authorities to ensure that their strategic plans reflect the housing needs of its communities and the dynamics of the local market will drive what is viable to build.

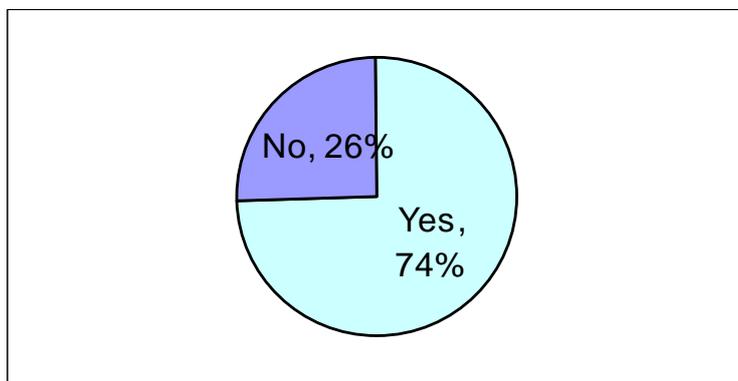
Using the national council tax average rather than the council tax of the individual local authority or a local average as the basis for the grant was proposed in the interests of fairness. It would ensure that the scheme does not introduce a perverse incentive to local authorities to increase their council tax in order to maximise their income from the New Homes Bonus. It would also ensure that those authorities with higher council tax levels are not unfairly favoured at the expense of those prudent authorities which had keep their council tax levels lower. DCLG is not persuaded by the argument that basing the bonus level on a local council tax average or using the level of the local authority in question would be a fairer method.

The proposal will be adopted in the final scheme design.

Question 2: The Government proposes an affordable homes enhancement of £350 for each of the six years – what do you think the enhancement should be?

Two hundred and thirty respondents (48%) indicated whether they agreed with the principle of an enhancement for affordable homes. Of those, 171 (74%) agreed with the principle and 59 (26%) disagreed with it.

Figure 2: Percentage of respondents to question 2 who agreed/disagreed with the principle of an affordable homes enhancement



Of those respondents who answered this question, a large majority were in favour of the principle of an enhancement for affordable homes, with many commenting that it would contribute to an increase in supply. However, a significant proportion of these respondents questioned whether the enhancement was a sufficient incentive to overcome local opposition and the additional costs associated with providing affordable homes. Others argued that most affordable homes are in the lower council tax bands so even with the additional £350 enhancement the incentive would be limited. There was particular concern that the enhancement should be higher in the South East and London where the need for affordable housing is acute. Several different increased enhancement levels were proposed with some respondents going so far as to say that it should be doubled to £700. A number of respondents conceded that within the current financial climate it might be unrealistic to expect a larger enhancement.

A small number of respondents did not agree with the principle of including an affordable housing enhancement. Many of these were from the house building sector. They were mainly concerned that the enhancement would skew the market and result in the building of affordable homes that could not be sold. Some suggested that the New Homes Bonus should focus on its primary aim of increasing housing stock and that the attempt to achieve a second policy objective may undermine this aim.

Government response

DCLG welcomes the broad support for the principle of an enhancement to incentivise increasing the supply of affordable homes and has carefully considered the views of those who argued for the enhancement to be increased or abolished altogether.

It is crucial that we ensure that there is a good balance of market and affordable homes so we want to incentivise the role that local authorities can play in providing the right balance to meet the needs of local people.

The New Homes Bonus will support the Government's previous commitment in the Spending Review to invest £4.5bn in affordable housing over the next four years, to deliver up to 150,000 new affordable homes.

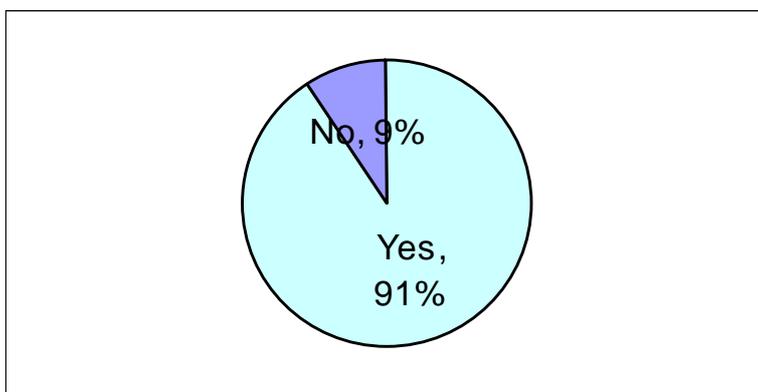
On balance, DCLG has concluded that an enhancement of £350 per unit per year strikes the right balance between providing a credible incentive that will increase the supply of affordable housing and ensuring that the scheme does not skew the market in favour of affordable homes.

The proposed enhancement was set at approximately 25 per cent of the national average council tax for a band D home. In practice many affordable homes will be band A or band B and £350 will represent a more significant uplift, 36 per cent on a band A home for example. In addition, the grant for a lower band home coupled with the enhancement may be lower than that for a higher band home but, as noted in the response to question one, the relative amount of land required for the different homes makes this a more complex issue. In any case, it will remain the responsibility of local authorities to ensure that they meet the housing needs of their communities. An affordable housing enhancement of £350 will be adopted in the final scheme design.

Question 3: Do you agree with the proposal to use Planning Policy Statement 3 and also include pitches on Gypsy and Traveller sites owned and managed by local authorities or registered social landlords to define affordable homes?

One hundred and fifty-nine respondents (33%) gave a clear indication of whether they agreed with the proposal. Of those, 144 (91%) agreed and 15 (9%) disagreed.

Figure 3: Percentage of respondents to question 3 who agreed/disagreed with the proposal



Of those respondents who answered this question, the overwhelming majority were in favour of the Government's proposal to use Planning Policy Statement 3 and also include pitches on traveller sites owned and managed by local authorities or registered social landlords to define affordable homes. It was widely felt that this was the best existing definition of affordable housing and that the inclusion of pitches on traveller sites owned and managed by local authorities or registered social landlords would provide a welcome incentive to increase housing provision for this community.

A small minority of respondents to the question disagreed with the proposal. A number of these argued that the definition should be extended to include pitches on community and privately owned and managed traveller sites. There were also suggestions that the enhancement for traveller pitches should be higher to help overcome local opposition and mitigate the higher impact they had on local communities than other housing.

Government response

DCLG welcomes the overwhelming support for this proposal and has carefully considered the views of those who disagreed. DCLG takes the view that travellers should be treated fairly and equally and therefore that the New Homes Bonus should apply to pitches using the same principles as other homes.

An enhancement will be awarded for other housing that is subsidised to ensure a sub market cost. Pitches traveller sites owned and managed by local authorities and registered social landlords are also subsidised to ensure a sub market cost. On private sites there is no such subsidy and pitches are available at market value. DCLG concludes that, consistent with other homes, pitches on local authority and registered social landlord sites should qualify for an affordable homes enhancement but not those on private sites.

DCLG accepts that pitches on some community traveller sites may be provided at below market value and is therefore looking again at the current data set to ensure that all sub market traveller sites are included.

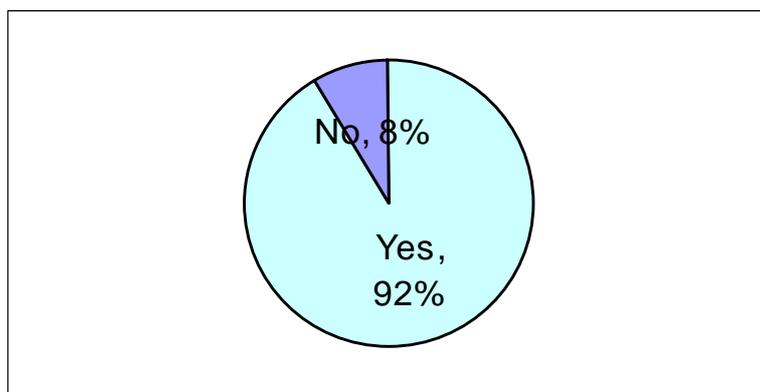
Following the Government's announcement on Affordable Rent there is a consultation on Planning Policy Statement 3 and the definition may be subject to change to reflect this.

The proposal will be adopted in the final scheme design.

Question 4: Do you agree with the proposal to reward local authorities for bringing empty properties back into use through the New Homes Bonus? Are there any practical restraints?

One hundred and eighty-nine respondents (37%) gave a clear indication of whether they agreed with the proposal. Of these, 164 (92%) agreed and 15 (8%) disagreed.

Figure 4: Percentage of respondents to question 4 who agreed/disagreed with the proposal



The vast majority of respondents who answered the question agreed with the proposal. Most agreed it would encourage local authorities to consider how best to meet local needs through existing as well as new housing stock, and that it would assist in bringing empty properties back into use. There were, however, some concerns over the definition of an empty home and the accuracy of the data.

There was a small minority of respondents who disagreed with the proposal and argued that including empty homes would detract from the scheme's purpose of increasing housing stock.

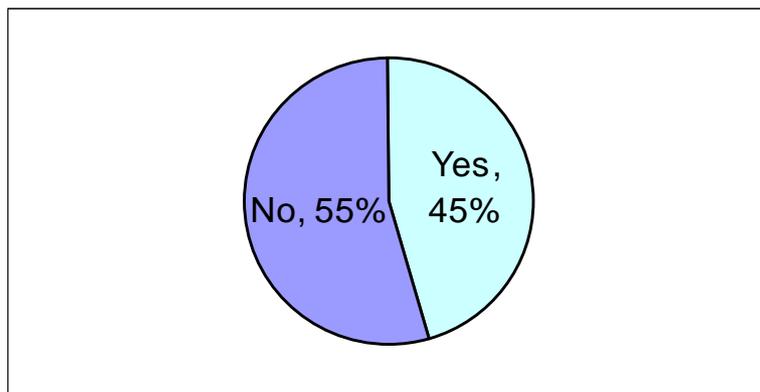
Government response

DCLG welcomes the widespread support for this proposal and has carefully considered the views of those who disagreed. The purpose of the New Homes Bonus is to increase effective housing supply. Returning empty homes into use will increase the provision of available housing stock. DCLG therefore takes the view that empty homes should be included in the calculation of net additions. In addition, the measure will incentivise bringing empty properties back into use on the same basis as new properties, ensuring a balanced approach between new build and refurbishing existing homes and tackling blight. The issues surrounding data collection are addressed under question six.

Question 5: Outside London: do you agree with the proposal to split the payment of the New Homes Bonus between tiers: 80 per cent to the lower tier and 20 per cent to the upper tier, as a starting point for local negotiation?

One hundred and twenty-four respondents (26%) gave a clear indication of whether they agreed with the proposal. Of those, 56 (45%) agreed and 68 (55%) disagreed. Of those who disagreed and favoured a higher proportion for the upper tier, 100% were from upper tier local authorities. Of those who disagreed and favoured a higher proportion for lower tier authorities, almost 100% were lower tier local authorities, although some developers highlighted the need to focus the incentive on the authority responsible for making planning decisions.

Figure 5: Percentage of respondents to question 5 who agreed/disagreed with the proposal



Of those respondents who answered this question, a significant majority were opposed to the proposal to allocate 80 per cent of the payment of the New Homes Bonus to the lower tier authority and 20 per cent to the upper tier authority. The majority of lower tier authorities argued that the incentive should remain solely with the authority with responsibility for planning decisions and that was closer to communities. This was supported by a number of respondents from the house building sector who argued that the New Homes Bonus should be a sharply focused incentive aimed at planning authorities. The lower tier authorities argued that existing Section 106 payments and the Community Infrastructure Levy already offset the burden on services funded by the upper tier and upper tier authority raise more from the council tax precept.

Conversely a small number of county councils made representation arguing that their role in providing additional services, infrastructure and strategic planning was insufficiently recognised by the proposals.

A small number of authorities, including town and parish councils called for a more localist approach. That a proportion of the grant should either be ringfenced for specific communities and/or ringfenced for parish and town councils. A number though did welcome the Government's statement that these proportions were not rigid but were a starting point for negotiation.

Government response

DCLG notes that the majority of respondents who answered this question disagreed with the proposal and has carefully considered their views. However, those who did not support the proposal did not consistently advocate changing the split in the same way. Rather, upper and lower tier local authorities tended to take divergent positions, with counties suggesting the upper tier should receive a greater proportion and districts suggesting the lower tier should. On balance, DCLG has concluded that as a starting point for negotiation an 80:20 split does strike the right balance between targeting the resources at the authority responsible for planning decisions and closest to communities, whilst at the same time ensuring that the upper tier authorities' responsibilities for some services and infrastructure is recognised.

The needs and priorities of local communities will be different across the country. The grant will not be ringfenced and so it will be possible for authorities to pool their funding if they consider this to be appropriate.

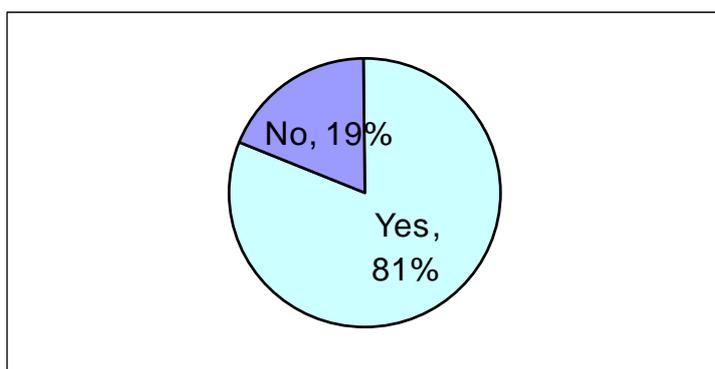
The Government expects local authorities to work closely with their town and parish councils and with their local communities - and in particular the neighbourhoods most affected by growth - to understand their priorities for investment and to communicate how the money will be spent and the benefits it will bring. However, it does not consider it would appropriate to ringfence funding for particular purposes, since local rather than central Government is best placed to decide how

2.2 Data collection

Question 6: Do you agree with the proposal to use the data collected on the Council Tax Base form as at October to track net additions and empty homes?

One hundred and ninety-six respondents (41%) gave a clear indication of whether they agreed with the proposal. Of those, 159 (81%) agreed and 37 (19%) disagreed.

Figure 6: Percentage of those who responded to question 6 who agreed/disagreed with the proposal



Of those respondents who answered this question, a large majority were in favour of the Government's proposal to use the data collected on the council tax base form as at October to track net additions and empty homes. There was a broad consensus that this would be a simple and transparent method for obtaining the data, and would impose minimal extra burdens on both local authorities and DCLG. A number of local authorities also noted that it would allow them to calculate their future estimates of grant in advance of official allocations.

A small minority of those respondents who answered this question disagreed with the proposal. The concerns related to the accuracy of the empty homes data. Some local authorities seemed to be unclear on the definition of an empty property for council tax purposes and others questioned whether the statistics were collected in a consistent manner by different local authorities. In addition, some were concerned that it was not always possible for a local authority to know when a property becomes empty or is returned to use, if not informed by the owner. Some alternative data sources were suggested, such as the BVPI 64 or a new data collection exercise counting something different, such as proven interventions.

Government response

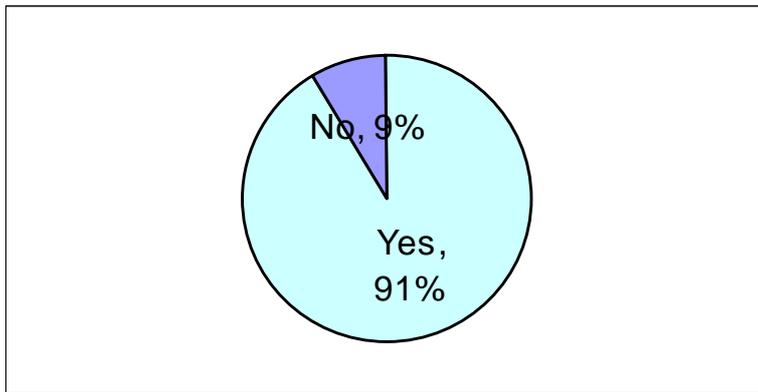
DCLG welcomes the widespread agreement for this proposal and has carefully considered the views of those respondents who disagreed. There will always be some level of inconsistency or inaccuracy as with any data, but BVPI 64 data is no longer collected and the Council Tax Base Form data is the best data available. Further, a key principle of the proposed scheme is that it should not impose any unnecessary data-collecting burdens on local authorities and the Council Tax Base Form meets this test. The Council Tax Base Form will, therefore, be adopted in the final scheme design.

That said, the Government does recognise the concerns over the consistency of the data and will consider how best to improve it in future.

Question 7: Do you agree with the proposal for one annual allocation based on the previous year's Council Tax Base form, paid the following April?

Two hundred and eight (39%) respondents gave a clear indication of whether they agreed with the proposal. Of those, 190 (91%) agreed and 18 (9%) disagreed.

Figure 7: Percentage of respondents to question 7 who agreed/disagreed with the proposal



Of those respondents who answered this question, the overwhelming majority were in favour of the Government's proposal for one annual allocation based on the previous year's Council Tax Base form, paid the following April. Of those who commented, most welcomed the fact that this would be a simple and transparent payment process and that the timing would enable the grant to be fed into short and medium term budget processes. Many welcomed the Government's commitment to avoiding additional work at local authority level.

A small minority of respondents did not agree with the proposal. Their primary concern was the six-month delay between the end of the data collection period and the payment of the Bonus. They felt that it would create an unacceptably long delay between the house being built and the final payment to the local authority.

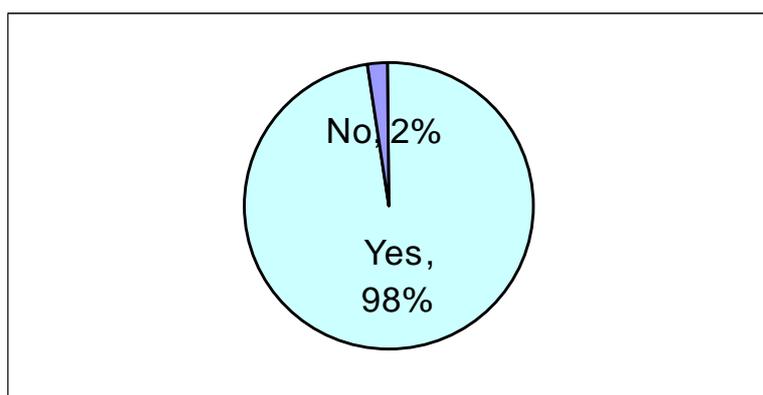
Government response

DCLG welcomes the overwhelming support for this proposal and has carefully considered the views of the small minority of respondents who disagreed with it. DCLG accepts that there is a time lag between the data collection period and the payment date. However, DCLG remains committed to creating a simple and transparent scheme that does not place extra burdens on local authorities. Furthermore, it has concluded that, on balance, the delay would not unduly disadvantage local authorities. The proposal will be adopted in the final scheme design.

Question 8: Do you agree that allocations should be announced alongside the local government finance timetable?

Two hundred and eighty respondents (58%) gave a clear indication of whether they agreed with the proposal. Of those, 275 (98%) agreed and 5 (2%) disagreed.

Figure 8: Percentage of respondents to question 8 who agreed/disagreed with the proposal



Of those respondents who answered this question, the overwhelming majority were in favour of the Government's proposal to announce allocations alongside the local government finance timetable. There was a broad consensus that the proposal would provide the local authority budget-setting process with stability and certainty, and would ensure that no extra administrative burdens are placed on councils.

A very small minority of respondents who answered this question disagreed with this proposal. On the whole these respondents argued for an earlier announcement closer to the end of the October collection period.

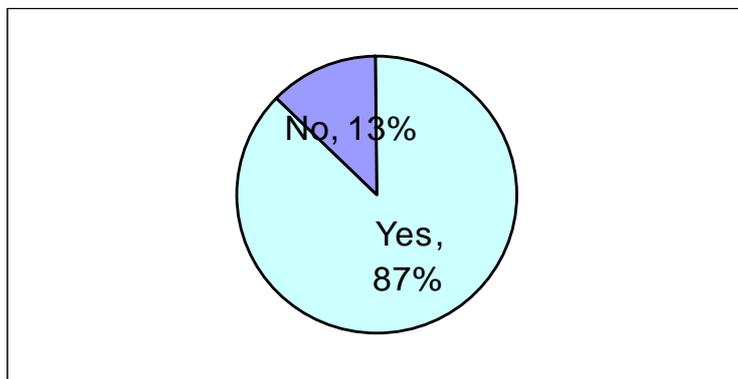
Government response

DCLG welcomes the overwhelming support for the proposal and has carefully considered the views of those who disagreed. DCLG concludes that the proposal will not in any way inconvenience local authorities. It understands that local authorities would like to know their allocations as early as possible but there also needs to be time for data verification and accurately finalising allocations. In any case, local authorities will be able to obtain an indicative allocation using the online calculator as soon as their statistics are available. The proposal will be adopted in the final scheme design.

Question 9: Do you agree with the proposal to reward local authorities for affordable homes using data reported through the official statistics on gross additional affordable supply?

One hundred and eighty-six (39%) of all respondents gave a clear indication of whether they agreed with the proposal. Of those, 162 (87%) agreed with the proposal and 24 (13%) disagreed.

Figure 9: Percentage of respondents to question 9 who agreed with the proposal



Of those respondents who answered this question, the vast majority were in favour of the Government's proposal to reward local authorities for affordable homes using data reported through the official statistics on gross additional affordable supply. It was widely viewed as an equitable and pragmatic approach that would not impose additional data-collecting burdens on local authorities. In addition many respondents expressly welcomed the use of gross statistics for affordable housing.

There was a small minority of those responding to the question who disagreed with the proposal. There was some confusion over the source of the data, and some concern over its accuracy. There was also concern that the data collection period differed from the Council Tax Base form that is the basis for the majority of the data in the scheme. Some respondents therefore suggested taking the statistics from alternative sources including the Housing Strategy Statistical Appendix or by inserting an additional line on the Council Tax Base form.

Government response

DCLG welcomes the overwhelming support for this proposal and has carefully considered the views of the small minority of respondents who disagreed with it.

The DCLG official statistics on gross affordable supply are compiled using a number of data sources, including the Housing Strategy Statistical Appendix. Further information on the methodology for compiling the statistics can be found at:

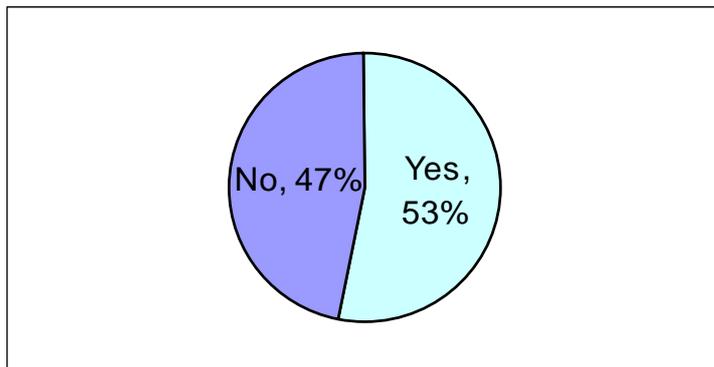
<http://www.communities.gov.uk/publications/corporate/statistics/affordablehousing200910>

Whilst no data set is flawless, every care is taken to minimise errors in the compilation of these statistics and they are currently the most reliable available. In designing this scheme DCLG is committed to ensuring that no unnecessary additional data-collecting burdens are placed on local authorities. On balance, DCLG takes the view that these statistics are the best available and the proposal will be adopted in the final scheme design.

Question 10: How significant are demolitions? Is there a proportionate method of collecting demolitions data at local authority level?

One hundred and fifty (31%) respondents gave a clear indication of whether they thought demolitions were significant. Of those, 79 (53%) thought they were and 71 (47%) did not. Of those who thought demolitions were a significant issue a very small number thought that this data should be collected for affordable homes.

Figure 10: respondents to question 10 who thought demolitions were significant



The respondents who answered this question were almost exclusively local authorities and there was a near even split between those who thought the demolition of affordable homes were significant and those who did not. Even amongst those who did think they were significant there was a broad consensus that extra data should not be collected because of the extra burdens it would place on local authorities.

A number of respondents made wider points about using demolitions in the calculation of net additions and the impact it would have on regeneration schemes. This issue is addressed under question 13.

Government response

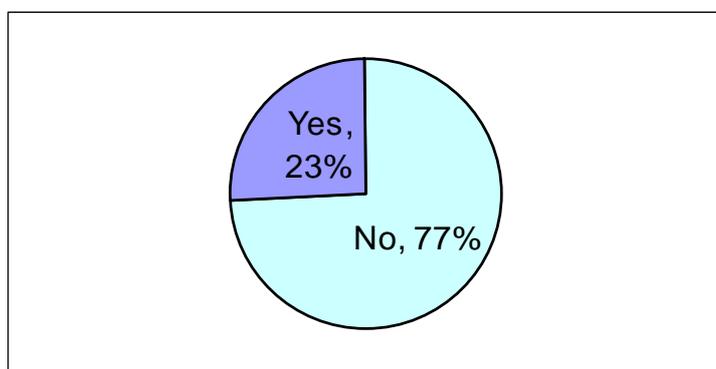
DCLG welcomes the views of respondents on this issue and has considered their views carefully. DCLG agrees with the many respondents who argued that collecting extra data would place a disproportionate extra burden on local authorities. In the final scheme design the affordable homes enhancement will therefore be paid using gross statistics that do not subtract any affordable homes that have been demolished. This will have the added benefit of providing an incentive to local authorities to undertake regeneration schemes that demolish housing but include the provision of affordable homes.

2.3 Additional issues

Question 11: Do you think the proposed scheme will impact any groups with protected characteristics?

One hundred and three respondents (21%) gave a clear indication of whether they thought the proposed scheme would impact any groups with protected characteristics. Of those, 24 (23%) thought it would and 79 (77%) thought it would not.

Figure 11: Percentage of respondents to question 11 who thought the scheme would/would not impact on groups with protected characteristics



Of those respondents who answered this question, the vast majority did not think that the scheme would adversely impact any groups with protected characteristics. A number suggested that the scheme would have a beneficial impact on some of these groups: the affordable homes enhancement would encourage more of this housing which is disproportionately needed by the disabled, the elderly and black and minority ethnic communities, and giving the affordable homes enhancement for pitches local authority and registered social landlords owned and managed sites would increase the provision of homes for travellers. A number also noted that it would be for local authorities to ensure that the way it spent the monies it received under the scheme did not adversely impact any groups with protected characteristics.

There was a relatively small minority of respondents who answered this question and thought there would be an adverse impact on protected groups. A number were concerned about the effect on travellers. Some thought that not including pitches on private and community owned and managed sites for the affordable enhancement would be unfair and potentially discriminatory. However, a number seemed to mistakenly think that these pitches would not be eligible for even the core Bonus. Others argued that the scheme would disproportionately benefit affluent areas with greater scope for growth at the expense of less affluent areas that tend to have a higher concentration of elderly, disabled and black and minority ethnic residents.

A number of respondents raised wider concerns about the impact of the scheme on disadvantaged and deprived communities.

Government response

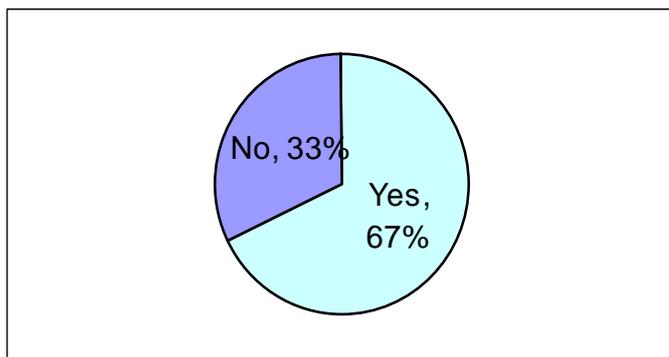
DCLG welcomes the widespread view amongst respondents who answered this question that the scheme would not adversely impact groups with protected characteristics and has carefully considered the views of those who thought it would.

DCLG is committed to ensuring that pitches on traveller sites are treated fairly and in line with other comparable housing. The Government's response under question 3 sets out the rationale for treating the pitches on different sites in a particular way and makes a commitment to reviewing the status of community owned and managed sites.

Question 12: Do you agree with the methodology used in the impact assessment?

One hundred and forty-four respondents (30%) gave a clear indication of whether they agreed with the methodology. Of those, 97 (67%) agreed and 47 (33%) disagreed.

Figure 12: Percentage of respondents to question 12 who agreed/disagreed with the methodology used in the impact assessment



Of those respondents who answered this question, a majority agreed with the methodology used in the impact assessment. Those who agreed had few further comments beyond it being a fair and reasonable approach.

Amongst those respondents who answered the question and disagreed with the methodology there were two main concerns. First, that the methodology was too speculative and did not fully reflect the uncertainties involved including the unpredictability of the housing market. Second that the scope of the impact assessment was too narrow and should have considered alternative options and given greater depth of analysis to a number of issues.

Government response

DCLG welcomes the broad approval for the methodology in the impact assessment from the majority of those who responded to this question and has carefully considered the concerns raised by those who disagreed. DCLG accepts that an assessment of any policy that is designed to change future behaviours will inevitably involve uncertainties, particularly in the context of wider housing turbulence and the wider programme of Government measures to promote growth. DCLG accepts that it is not possible to factor all uncertainties into an impact assessment. DCLG will therefore be monitoring the impact of the New Homes Bonus, seeking the views of a variety of partners and reviewing the policy once it has launched.

Question 13: We would welcome your wider views on the proposed New Homes Bonus, particularly where there are issues that have not been addressed in the proposed model

Regeneration

A significant number of respondents raised concerns that the scheme will primarily benefit affluent areas. In particular, respondents were concerned that taking demolitions into account in the calculation of net additions would discourage local authorities from undertaking regeneration schemes in disadvantaged areas where stock is not fit for purpose and where its replacement is part of the growth strategy agenda.

Some authorities expressed concern that the top slicing of Formula Grant would compound this by having a disproportionate affect on these areas, and would serve to redistribute funding from less affluent areas to more affluent areas.

Government response

The Government has listened carefully to the concerns of these respondents and has worked directly, at both ministerial and official level, with a number of local authorities face to face and in correspondence on these important issues.

The aim of the New Homes Bonus is to provide local authorities with a simple and powerful incentive to meet housing need and demand in their area. Meeting housing need and demand is not only about housing growth, but also about best use of existing stock. The Government recognises that in some areas this will mean bringing long-term empty homes back into use or demolishing homes which are sub-standard, as well as building new housing.

The scheme will incentivise bringing empty properties back into use on the same basis as for new properties, ensuring a balanced approach between new build and refurbishing existing homes while tackling blight. Furthermore, the scheme will not penalise authorities for demolishing homes which are already long-term empty – encouraging authorities to press ahead with renewal programmes already underway. The inclusion of empty homes will not only meet DCLG's policy aim, but will also ensures that regeneration areas can also see some benefit.

The Government has set aside almost £1bn over the spending review period to kick start the scheme and will fully fund it in years one and two. This means that no authority will lose any further Formula Grant for the next two years. The funding for year three onwards will be determined before the next settlement so local authorities will continue to use the Local Government Settlement for budgeting purposes.

The Bonus will also be unringfenced, providing a significant, flexible resource which can support communities in improving their places – whether supporting town centre regeneration, improving connections or supporting new or existing services.

Overall, the Government believes that the drivers of deprivation and social exclusion are extremely place-specific. The challenges are therefore best understood and addressed locally. That the new package of freedoms, flexibilities and incentives for local Government, the new approach to neighbourhood planning, and more flexible local budgets will strengthen local leadership, sweeping away the barriers that have been stifling growth and local innovation and holding back regeneration.

To support this Government has already announced the provision of a £1.4bn Regional Growth Fund, as well as £1.3bn to meet existing Regional Development Agency and Homes and Communities Agency commitments.

Sustainable development

A number of respondents expressed concerns that the New Homes Bonus would encourage approval of developments that are not sustainable either on the grounds of environmental considerations or the impact on local infrastructure.

Government response

The New Homes Bonus will encourage the approval of more house building, by returning the natural economic benefit of growth to the local level. However it will not exist in isolation. National planning policy will continue to guide how and where development takes place. More importantly, local authorities will retain responsibility for developing a local planning policy that takes account of the need for sustainability and the views of local communities.

National Parks

Representatives of the National Parks argued that, as the local planning authority, they should receive a proportion of the grant under the New Homes Bonus.

Government response

Billing Authorities will be expected to negotiate with National Park Authorities and the Broads Authority to recognise their role as the sole local planning authority for their area in granting planning permissions. This could include an agreement to split the funding from New Homes Bonus between them at a locally determined rate or to reach an agreement on funding a specific community project.

Material considerations

A concern was raised that the financial benefit of a development under the New Homes Bonus could not be a material consideration in local authority decisions on planning.

Government response

The New Homes Bonus is designed to address the disincentive within the local government finance system for local areas to welcome growth. Until now, increased housing in communities has meant increased strain on public services and reduced amenities. The New Homes Bonus will remove this disincentive by providing local authorities with the means to mitigate the strain the increased population causes. In addition, in doing so the New Homes Bonus should help engender a more positive attitude to growth, and create an environment in which new housing is more readily accepted.

The New Homes Bonus will sit alongside the existing planning system. It will be relevant to the preparation of development plans which concern housing where it assists with issues such as service provision and infrastructure delivery. However, it is not intended to encourage housing development which would otherwise be inappropriate in planning terms. Local planning authorities will be well aware that when deciding whether or not to grant planning permission they cannot take into account immaterial considerations. The New Homes Bonus cannot change this and nor is it intended to. Local planning authorities will continue to be bound by their obligations here.

However, this is not to say that the New Homes Bonus will always be irrelevant to decisions on planning applications. In some cases it could lawfully be taken into account as a material consideration where there is a direct connection between the intended use of the Bonus and the proposed development – but this will vary according to the circumstances of the case. An example of this could be paying for the widening of a road to allow for the extra traffic the new development would bring or to provide for substitute open space that is lost as a result of a housing development.

Annex A: List of respondents

- AH Consultant
- Adur and Worthing Councils
- Allerdale Borough Council
- Amber Valley Borough Council
- Arun District Council
- Arun MP
- Ashfield District Council
- Ashford Borough Council
- Association for the Conservation of Energy
- Association of Consultant Architects
- Association of Directors of Environment, Economy, Planning and Transport and the Chief Economic Development Officers Society
- Association of North East Councils
- Association of Police Authorities
- Aylesbury Vale District Council
- Babergh District Council
- Bardney Group Parish Council
- Barnsley Metropolitan Borough Council
- Barratt Developments PLC
- Barrow Borough Council
- Basildon Borough Council
- Basingstoke and Deane Borough Council
- Basingstoke and Deane Liberal Democrat Council Group
- Bath and North East Somerset Council
- Birmingham Advisory Council for Older People
- Birmingham City Council
- Blaby District Council
- Blackburn and Darwen Borough Council
- Blackpool Borough Council
- Bloor Homes
- Bolsover District Council
- Bolton Council
- Borough Council of West Norfolk and King's Lynn
- Borough of Broxbourne Council
- Boston Borough Council
- Bournemouth Borough Council
- Bovis Homes Limited
- Bracknell Forest Council
- Bradford Metropolitan District Council
- Braintree District Council
- Breckland Council
- Brighton and Hove City Council
- Bristol City Council
- British Homes and Holiday Parks Association

- British Property Federation
- Broadland District Council
- Bromford Group
- Broxtowe Borough Council
- Buckingham County Council
- Building and Social Housing Foundation
- Burgess Hill Town Council
- Bury Metropolitan Borough Council
- Calderdale Council
- Cambridge City Council
- Cambridge MP
- Cambridgeshire County Council
- Cambridgeshire Horizons
- Campaign for National Parks
- Campaign for the Protection of Rural England
- Campaign to Protect Rural England, Norfolk
- Cannock Chase District Council
- Canterbury City Council
- Carlisle City Council
- Castle Point Borough Council
- Central Bedfordshire Council
- Central Lincolnshire Joint Strategic Planning Committee
- Charnwood Borough Council
- Chartered Institute of Housing
- Chartered Institute of Public Finance and Accountancy
- Chartered Institution of Building Services Engineers
- Chelmsford Borough Council
- Cheltenham Borough Council
- Cherwell District Council
- Cheshire East Council
- Cheshire West and Chester Council
- Chesterfield Borough Council
- Chichester District Council
- Chiltern District Council
- Chorley District Council
- Churchill Retirement Living
- Ciel Properties Ltd
- Clive Watkin Partnership LLP
- Colchester Borough Council
- Community and Regional Planning Services
- Community Impact Buckinghamshire
- Community Law Partnership
- Community Lincolnshire
- Copeland Borough Council
- Corby Borough Council
- Cornwall Council
- Cotswold District Council

- Country Land and Business Association
- County Councils Network
- Craven District Council
- Crawley Borough Council
- Crest and Country Housing
- Crest Nicholson PLC
- Cross Keys Homes
- Cumbria County Council
- Cumbria Rural Housing Organisation
- Dartford Borough Council
- Daventry District Council
- Derby City Council
- Derbyshire County Council
- Derbyshire Dales District Council
- Derbyshire Gypsy Liaison Group
- Devon County Council
- Devon Strategic Housing Group
- Didcot Town Council
- District Councils Network
- DLP Planning Ltd
- Dorset County Council
- Durham County Council
- East Devon Council
- East Hampshire District Council
- East Lindsey District Council
- East Midlands Council
- East Riding of Yorkshire Council
- East Staffordshire Council
- East Sussex County Council
- Eastbourne Borough Council
- Eastleigh Borough Council
- Eden District Council
- Elmbridge Borough Council
- Empty Homes Network
- English Heritage
- English National Park Authorities Association
- Epping Forest District Council
- Epsom and Ewell Borough Council
- Equality and Human Rights Commission
- Erewash Borough Council
- Essex County Council
- Exeter City Council
- Fareham Borough Council
- Fenland District Council
- Festival Housing Group
- Flagship Housing
- Forest Heath District Council

- Forest of Dean District council
- Fylde Borough Council
- Garner Planning Associates
- Gedling Borough Council
- Gleeson Developments Ltd
- Gloucester City Council
- Gloucestershire County Council
- Gravesham Borough Council
- Great Ashby Community Group
- Greater London Authority
- Guildford Borough Council
- GWE Business West
- Halton Housing Trust
- Hambleton and Richmondshire District Councils
- Hampshire County Council
- Harborough District Council
- Harlow District Council
- Harrogate Borough Council
- Hart District Council
- Hartlepool Council
- Hastings Borough Council
- Hastoe Group
- Hastoe Housing Association Ltd
- Herefordshire Council
- Hertfordshire Association of Town and Parish Councils
- Hertfordshire County Council
- Hertsmere Borough Council
- High Peak Borough Council
- Highbury Group
- Hinckley Bosworth Borough Council
- Home Builders Federation
- Home Group
- Homeless Link
- Homestamp Consortium
- Horsham District Council
- House Builders Association
- Housing Market Renewal Pathfinders
- Hull City Council
- Huntingdonshire District Council
- Hyndburn Borough Council
- Impington Parish Council
- Individuals
- Ipswich Borough Council
- Irish Travellers Movement in Britain
- Jones Homes Ltd
- Kebbell Homes Ltd
- Keighley Town Council

- Kent County Council
- Kent Housing Group
- Kettering Borough Council
- Keymer Cavendish
- Kift Consulting
- Kirklees Council
- Knowsley Metropolitan Borough Council
- Lancashire County Council
- Lancaster City Council
- Law Society
- Leeds City Council
- Leicester City Council
- Leicestershire County Council
- Levitt Bernstein Architects
- Lewes District Council
- Lichfield District Council
- Lincoln City Council
- Lincolnshire County Council
- Lincolnshire Empty Homes Project
- Liverpool City Council
- Liverpool City Region
- Local Government Association
- London Borough of Barking and Dagenham
- London Borough of Barnet
- London Borough of Bexley
- London Borough of Brent Council
- London Borough of Bromley
- London borough of Croydon
- London Borough of Ealing
- London Borough of Enfield
- London Borough of Greenwich
- London Borough of Hackney
- London Borough of Haringey
- London Borough of Harrow
- London Borough of Hillingdon
- London Borough of Hounslow
- London Borough of Islington
- London Borough of Lambeth
- London Borough of Lewisham
- London Borough of Merton
- London Borough of Newham
- London Borough of Redbridge
- London Borough of Richmond Upon Thames
- London Borough of Southwark
- London Borough of Sutton
- London Borough of Tower Hamlets
- London Borough of Waltham Forest

- London Borough of Wandsworth
- London Borough of Westminster
- London Councils
- London Fire Brigade
- London Housing Sub Regions
- Loughton Residents Association
- Maidstone Borough Council
- Maldon District Council
- Malvern Hills District Council
- Manchester City Council
- Mansfield District Council
- Mark Vigor Planning Consultant
- McCarthy and Stone
- Melton Borough Council
- Mencap
- Mendip District Council
- Mid Sussex District Council
- Middlesbrough Council
- Middlesbrough Moving Forward
- Midlands Rural Housing
- Mid Suffolk District Council
- Milton Keynes Council
- Moat
- Mole Valley District Council
- National Association of Local Councils
- National Federation of Gypsy Liaison Groups
- National Housing Federation
- Neighbourhood Investor
- New Forest District Council
- New Forest National Park
- Newark and Sherwood Homes
- Newcastle City Council and Gateshead Councils
- Newcastle-under-Lyme Borough Council
- New Heartlands Housing Renewal Partnership
- Norfolk County Council
- North Buckinghamshire Parishes Planning Consortium
- North Dorset District Council
- North East Derbyshire District Council
- North Hertfordshire District Council
- North Lincolnshire Council
- North Norfolk District Council
- North Somerset Council
- North Tyneside Council
- North Warwickshire Borough Council
- North West Leicestershire District Council
- North York Moors National Park
- North Yorkshire County Council

- Northampton Borough Council
- Northamptonshire County Council
- Norwich City Council
- Nottingham City Council
- Nottinghamshire County Council
- Nuneaton and Bedworth Borough Council
- Oldham Metropolitan Borough Council
- Orbit South Housing Association
- Orchard Park Community Council
- Oxford City Council
- Oxfordshire County Council
- Partnership for Urban South Hampshire
- Peel Holdings Limited
- Pendle Borough Council
- Pennine Lancashire/Blackburn
- Persimmon South East
- Peterborough City Council
- Places for People
- Place Shapers Group of Housing Associations
- Planning Officers Society
- Plymouth City Council
- Poole Borough Council
- Portsmouth City Council
- Preston City Council
- Private Sector Housing Consultant
- Purbeck District Council
- Quainton Parish Council
- Reading Borough Council
- Redcar and Cleveland Borough Council
- Redrow Homes Eastern
- Redrow Homes Group Services
- Redrow Homes Lancashire
- Redrow Homes North West
- Redrow Homes South Midlands
- Redrow Homes Yorkshire
- Redrow Homes Bristol
- Redrow PLC
- Reigate and Banstead Borough Council
- Residential Landlords Association
- Ribble Valley District Council
- Rochdale Borough Council
- Rochdale Housing Initiative
- Rochford District Council
- Rossendale Borough Council
- Rother District Council
- Rotherham Metropolitan Borough Council
- Royal Borough of Kensington and Chelsea

- Royal Borough of Kingston-upon-Thames
- Royal Borough of Windsor and Maidenhead
- Royal Institute of British Architects
- Royal Society for Protection of Birds
- Royal Town Planning Institute
- Rugby Borough Council
- Runnymede Borough Council
- Rushcliffe Borough Council
- Rushmoor Borough Council
- Ryedale District Council
- Salford City Council
- Sandwell Borough Council
- Saxon Weald
- Scarborough Borough Council
- Sedgemoor District Council
- Sevenoaks District Council
- Sheffield City Council
- Shelter
- Shepherds Bush Housing Group
- Shepway District Council
- Shropshire council
- SNR Denton UK LLP
- Society of County Treasurers
- Solihull Metropolitan Borough Council
- Somerset County Council
- South Buckinghamshire District Council
- South Cambridgeshire District Council
- South Derbyshire District Council
- South East England Councils
- South East of England Strategic Leaders (SESL)
- South Gloucestershire Council
- South Hams District Council
- South Holland District Council
- South Kesteven District Council
- South Lakeland District Council
- South Norfolk Council
- South Ribble Borough Council
- South Somerset District Council
- South Staffordshire Council
- South Tyneside Council
- South Yorkshire Housing Association
- Southampton City Council
- Southend Borough Council
- Southwark Habitat for Humanity
- Sovereign Housing Association
- Special Interest Group of Municipal Authorities
- St Edmundsbury Borough Council

- St Helens Council
- Staffordshire County Council
- Staffordshire Moorlands District Council
- Star Planning and Development
- Stockton-on-Tees Borough Council
- Stoke Mandeville Parish Council
- Stoke-on-Trent City Council
- Stratford-on-Avon Council
- Stroud District Council
- Suffolk County Council
- Sunderland City Council
- Surrey County Council
- Surrey Heath Borough Council
- Swindon Borough Council
- Tamworth Borough Council
- Tandridge District Council
- Taunton Deane Borough Council
- Taylor Wimpey
- Town and Country Planning Association
- Tees Valley Unlimited
- Teignbridge District Council
- Telford and Wrekin Council
- Tendring District Council
- Test Valley Borough Council
- Tewkesbury Borough Council
- Thames Gateway Local Partnership
- Thanet District Council
- The Archbishops' Council of the Church of England
- The Co-operative Group
- The Empty Homes Agency
- The Housing Forum
- The Prince's Regeneration Trust
- The Riverside Group Ltd
- Three Rivers District Council
- Thurrock Thames Gateway Development Corporation
- Tonbridge and Mailing Borough Council
- Torbay Council
- Tunbridge Wells Borough Council
- UK Green Building Council
- Unison
- University of Reading
- Uttlesford District Council
- Vale of White Horse District Council
- Wakefield and District Housing
- Wakefield Council
- Walsall Council
- Warrington Borough Council

- Warwick District Council
- Warwickshire County Council
- Waterloo Housing Group
- Watford Borough Council
- Waveney District Council
- Waverley Borough Council
- Wealden District Council
- Wellingborough Borough Council
- Welwyn Hatfield Borough Council
- West Berkshire Council
- West Devon Borough Council
- West Dorset District Council
- West Lancashire Borough Council
- West Oxfordshire District Council
- West Somerset Council
- West Sussex Council
- Whiteoak Associates Ltd
- Wiltshire Council
- Winchester City Council
- Winslow Town Council
- Wirral Borough Council
- Woking Borough Council
- Wokingham Borough Council
- Wolverhampton City Council
- Worcestershire County Council
- Wycombe District Council
- Wyre Borough Council
- Wyre Forest District Council
- York City Council

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