

For and on behalf of
DLP PLANNING LTD

New Homes Bonus Consultation Response

Prepared by
DLP Planning Ltd

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1.0 Introduction

- 1.1 This response to the New Homes Bonus consultation document has been prepared by DLP Planning Ltd.

2.0 Consultation Questions

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?

- 2.1 The proposed calculation of the New Homes Bonus based on the national average of the council tax band, that is Band D, will benefit more affluent areas. For example in the case of Bury the Council will receive £7,920 per additional house over a six year period compared with £10,695 per additional house received by the local authority area of Guildford.
- 2.2 The purpose of the New Homes Bonus is to secure the delivery of more housing of the right type and in places where there is demand. No evidence has been provided within the consultation document which demonstrates that the bonus will achieve this aim or that it has been set at a sufficiently high enough level to incentivise local authorities, particularly in more affluent areas of the south east where there is likely to most resistance to development. The proposed mechanism clearly will result in an inequable system with more affluent areas potentially acquiring greater benefit from the scheme but insufficient evidence has been provided in relation to the scheme that provides certainty that its aims will be achieved.

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?

- 2.3 The proposal provides an enhancement for affordable housing delivery of £350. It is questionable about whether or not there is a need for council's to be given additional incentivisation in respect to affordable housing as the current policy regime is such that Council's already try to maximise the delivery of affordable housing in their particular areas.
- 2.4 However, it is acknowledged that the demographic profile of those requiring affordable housing is such that a greater strain is put on local authority resources by those populations and as such an enhancement is justified.
- 2.5 The consultation document does not provide any evidence or background setting out on what basis the Government has set the proposed level of enhancement and as such it is difficult to suggest an alternative level of enhancement.

Question 3 – Do you agree with the proposal to use PPS3 and also include pitches on Gypsy and Traveller sites owned and managed by local authorities or registered social landlords to define affordable homes?

- 2.6 Any proposals contained within the New Homes Bonus need to be consistent with national planning policy. We therefore agree that the definition of what constitutes



affordable homes should be the same definition as that contained in Annex B of PPS3. To utilise any alternative definition would result in inconsistency and a lack of clarity. Although there is no specific reference in the Annex to Gipsy and Traveller sites it is considered acceptable that such sites should be included within the affordable homes definition.

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 constraints?

- 2.7 Generally, it is agreed that local authorities should be rewarded for bringing empty properties back into use. It is considered that there is potential for the system to be manipulated and as such there should be a mechanism incorporated into the scheme which ensures that such properties are permanently brought back into use.

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? If not, what would be an appropriate split and why?

- 2.8 The New Homes Bonus is about the increased delivery of housing. County Councils do not have responsibility for the delivery of housing and as such it is considered that the entire bonus should go to the lower tier since they are the decision makers in this respect.
- 2.9 Enhanced infrastructure in terms of for example highways and education will be delivered by the Community Infrastructure Levy (CIL) and these are the main decision making areas for the higher tier and as such they would benefit from the monies raised as a result of CIL.
- 2.10 In particular circumstances where the local community decided to spend the money raised by the New Homes Bonus on specific areas that required the higher tier to provide certain services, then the district councils could agree to distribute some of the bonus to the higher tier in such circumstances.

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?

- 2.11 Yes. The utilisation of this method is clear and transparent and provides consistency over the country. A more locally based system of individual council's undertaking the data collection would result in variation in methodology from one authority to another and would be less transparent.

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?

- 2.12 Although utilising this method could result in a time lag for the payment of the grant ie those houses built in the year October 2010 – October 2011 would not have the grant paid until the following financial year, April 2012 – March 2013, this is considered acceptable and provides a straightforward and transparent method for assessment.



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

- 2.13 We agree with this and consider that this is the most appropriate time for the allocations to be announced.

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?

- 2.14 Yes. Again utilisation of any other data locally generated will not provide the consistency and transparency across the whole country.

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

- 2.15 Given that the number of demolitions form part of the calculation to generate the net additional dwellings achieved in any one year, the scheme may provide a disincentive for local authorities to demolish properties that are unviable to bring back into use either due to the economic costs or because they are inappropriate in type or location.
- 2.16 There is also a need to identify the number of affordable demolitions in the returns so that the net change of affordable housing is identified and the appropriate level of enhanced bonus is paid.

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

- 2.17 We consider that the New Homes Bonus would not result in any unfair impacts on groups with protected characteristics.

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

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

- 2.18 One of the main concerns about the New Homes Bonus is whether or not the proposed scheme will provide a sufficient incentive for new development, particularly in more affluent areas. Although it is acknowledged that financial incentives can, in certain circumstances change behaviour and more specifically in relation to housing supply can mitigate externalities, no evidence has been provided to support the level of bonus proposed.
- 2.19 Further, if local authorities utilise the bonus received to offset some of the reduction in income as a result of budget constraints, it may be that communities will not see sufficient specific benefits to their own local area that will lead to a change of behaviour to support development.



- 2.20 The lack of housing delivery in the past decade has been as a result of a number of complex different factors which vary depending on the location and economic circumstances of the specific area.
- 2.21 Areas of low housing demand where traditionally economic growth has been sluggish are less likely to benefit from the New Homes Bonus even where development is supported locally since house builders are more likely to build in areas where there is buoyant demand and economic growth.
- 2.22 Potentially one of the main advantages of the scheme is that for each proposed development, there will be a specific sum of money that can be attributed to a development. It may well be this 'carrot' that alongside local community consultation will provide the incentive for councils to support increased development in their area.