

Consultation on the New Homes Bonus Response by the Partnership for Urban South Hampshire

The Partnership for Urban South Hampshire (PUSH) comprises the eleven local authorities which are wholly or partly within South Hampshire plus key external partners. The eleven councils are: Hampshire County Council; Portsmouth and Southampton City Councils; East Hampshire, Eastleigh, Fareham, Gosport, Havant, New Forest, and Test Valley Borough/District Councils and Winchester City Council.

The Partnership was formed in 2003 to work more collaboratively on tackling the economic challenges facing South Hampshire. Achieving faster economic growth was and remains a key objective of the Partnership. PUSH has developed a Sub-regional Housing Strategy and is tackling key housing issues on a sub-regional basis in tandem with its constituent local authorities, the Homes and Communities Agency, and other bodies. Further details can be seen on the Partnership's website: www.push.gov.uk

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?

Response : Yes

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?

Response : The proposed level of enhancement seems reasonable.

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?

Response : The number of additional pitches added to Gypsy and Traveller sites owned and managed by local authorities or RSLs is likely to be very small. If they are defined as affordable homes, it might help to incentivise additional provision.

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?

Response : PUSH welcomes the proposal if it rewards either a reduction in the number of long term empty properties or bringing long term empty properties back into use. However, it is not clear whether this reward will only apply to those dwellings empty for at least six months or all dwellings where Council Tax has been reduced because a dwelling is empty. Will homes that come back into use after being empty qualify for the bonus regardless of the reason or the length of time that they have been empty? Will a distinction will be made between empty homes that need to be upgraded before being fit for use again and those that have just been waiting for probate and sale following the death of the owner?

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 the appropriate split be, and why?

Response : PUSH recognises that in two tier areas there is a powerful case for all of the Bonus to be paid to lower tier authorities and arguments for some of it being paid to upper tier authorities. PUSH believes that the Government's proposed 80:20 split is a compromise between the two and supports the consultation document's statement that this split should not be definitive but be a starting point for local negotiation. That would allow lower tier authorities to decide to pool money if they wish. Local Enterprise Partnerships will also benefit if local authorities decide to pool some of their New Homes Bonus at that level to invest in shared priorities.

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?

Response: This seems to be a reasonable proposal, although we believe the payment should be made on gross not net completions – see answer to question 10 below.

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?

Response: Yes

Question 8

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

Response: No comment

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?

Response: Yes

Question 10

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

Response: The significance of demolitions varies greatly depending on the sites that are being developed. In 2009/10 there were 2,663 gains and 319 losses on housing sites in the PUSH area. The average net gain was 88% of the gross number of housing completions. However in some districts (such as Test Valley) there were relatively few losses whilst in others they were very significant (with net completions only 48% of gross completions in Gosport). PUSH believes that the New Homes Bonus should be paid on the basis of gross additions, with demolitions and other losses being ignored. This is both to minimise administration burden on the local authorities and help support areas of regeneration. The current proposals would mean that 500 homes built on a greenfield site would be rewarded with a bonus of twice the amount compared to the same number of new homes on a brownfield site where 250 homes are demolished. This would create an unwelcome and perverse incentive to building on greenfield in preference to brownfield sites.

Question 11

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

Response: No Comment

Question 12

Do you agree with the methodology used in the impact assessment?

Response: The methodology appears to assume that Local Authorities have direct control over the number of homes built. This is not the case. Local Authorities can influence the amount of house building by allocating sites and granting planning permission but they cannot choose the rate of build in their area. It is developers who decide when to apply for planning permission and when to build new housing: they in turn will be influenced by housing demand, the availability of mortgages and whether they can make a reasonable profit.

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.

Response: Some communities recognise the need to continue to provide housing so that the wider area can continue to prosper and to meet the needs of the growing number of households. However other communities don't want additional new housing to be built in their area. This incentive may help to persuade some local authorities to plan for more homes, but in many areas the New Homes Bonus is unlikely to be sufficient to counteract entrenched anti-development sentiments.