

## ANNEX 1

### Frequently asked questions about the New Homes Bonus - Extract taken from Communities and Local Government website

#### ***How will the New Homes Bonus work?***

*The 'New Homes Bonus: Consultation' paper has been published, it is available along with other background information on the 'New Homes Bonus' homepage (<http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>).*

*The consultation seeks views on the Government's preferred model.*

#### ***What funding will be made available for the New Homes Bonus?***

*The scheme will commence in financial year 2011-12. Department has set aside nearly £1 billion over the Comprehensive Spending Review period for the scheme, including nearly £200 million in 2011-12 in year one and £250 million for each of the following three years. Funding beyond those levels will come from formula grant. This will be a simple, powerful, transparent and permanent feature of the local government finance system.*

#### ***When will local authorities receive their payments?***

*This depends upon the final scheme design, but under the Government's proposed model, we will pay the New Homes Bonus grant alongside the local government finance settlement.*

*This means that in year two, provisional allocations would be issued in early December 2011 and final allocations in early February 2012. This would allow local authorities to include the grant in their annual budget setting process.*

*In year one we expect to announce the final scheme design and provisional allocations as early as possible in 2011.*

#### ***Will the funding be spent in the neighbourhood where development is taking place?***

*The aim of the New Homes Bonus is to incentivise house building by returning the benefits of growth to communities. Top-down targets mobilised communities against growth; the Bonus will encourage communities to support development. The needs and priorities of local communities will be different across the country and Government will not dictate how the reward should be spent. Local authorities will have the freedom to spend New Homes Bonus revenues according to local wishes - for example, improving play areas, transport improvements, town centre regeneration, Council Tax*

discounts etc. The Government expects local councillors to work closely with their 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. This will enable local councillors to lead a more mature debate with local people about the benefits of growth, not just the costs.

**Will the funding be ring-fenced for housing?**

No, local authorities and communities will decide how they spend the funding they receive from the New Homes Bonus.

**Does the scheme require new legislation?**

No, the New Homes Bonus will be paid through section 31 of the Local Government Act 2003 as an unringfenced grant.

**Will Gypsy and Traveller Sites be included?**

Under the Government's proposed model, Gypsy and Traveller sites will receive equal treatment. They will count towards the Bonus where they are valued for council tax. Additionally, if they are owned or managed by the local authority or registered social landlord they will qualify for the enhanced affordable housing element of the New Homes Bonus. Further details are set out in the consultation - New Homes Bonus.

**Will affordable homes be included?**

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. Under the Government's proposed model we will pay an additional amount of £350 (£2,100 over six years) for each new affordable home. This is in addition to the Government's commitment in the Comprehensive Spending Review to invest £4.5 billion in affordable housing over the next four years, which will deliver up to 150,000 new affordable homes.

**Will empty properties be included?**

Under the Government's proposed model we will also match fund the additional council tax raised for bringing long term empty properties back into use. This is real progress on a key Coalition commitment. Data from Council Tax records suggests the average number of long term privately owned empty homes over the past five years is around 300,000. Of these between 100,000 and 130,000 are in areas of strong housing demand.

**How long will the New Homes Bonus last?**

This will be a permanent feature of the local government finance system. Additional homes will attract the grant for the following six years.