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RESPONSE BY NORTHAMPTON BOROUGH COUNCIL TO THE CONSULTATION ON THE NEW HOMES BONUS

1. Introduction

- 1.1 Northampton Borough Council welcomes the proposed introduction of the New Homes Bonus as a way of incentivising communities to welcome new development in their locality. However, in order to achieve this, it is essential that communities directly benefit and see the rewards for new development to their immediate locality. The Council recognises that the proposed New Homes Bonus is one of a framework of incentives, including the retention of locally raised business rates and the Community Infrastructure Levy.
- 1.2 The Council, in considering its response to the consultation document has therefore had regard to the overall objective of the New Homes Bonus, as set out in Paragraph 3.2 of the document, that the NHB is designed to create an effective fiscal incentive to encourage local authorities to facilitate housing growth.
- 1.3 The Borough Council has also had regard to its own particular circumstances, in that there is insufficient capacity within its own administrative boundaries to meet its housing and affordable housing requirements. It is therefore intended that this requirement will be met by way of sustainable urban extensions in its neighbouring authorities through the West Northamptonshire Joint Core Strategy. These sustainable urban extensions will become an integral part of the urban fabric of Northampton, albeit at this time in a different administrative area. The communities most directly affected by the additional development, i.e. the residents of Northampton and the services to be provided and infrastructure used, should be able to benefit directly from the proceeds of the New Homes Bonus. The consultation document does not make provision for cross-boundary incentives, and it is considered that this is a flaw in the scheme as currently proposed that must be corrected.

Q1. 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?

A1. Northampton Borough Council agrees with the proposal to link the level of grant for each additional dwelling to the national average of the Council Tax for that Band. Whilst this would have a distorting effect, due to local conditions, this is potentially a fair method of allocation.

It is unclear why the review referred to in Paragraph 3.8 would be needed as Council Taxes will, inevitably, rise. It would be our assumption that the national average for the band would be taken on an annual basis and this would be used to derive the bonus payable, and this could be built into the mechanism.

Q2. Affordable homes enhancement of £350 for each of the six years – what do you think the enhancement should be?

A2. This authority would recommend that the enhancement should start at £320 based on the difference between Band A and Band C and increasing by the national average Council Tax increase in each of the six years. Whilst this starts at a lower point, it would increase over time so that there is a real terms incentive each year rather than what is effectively a reducing value incentive of the fixed rate £350 proposed.

Council Tax should rise after 2011/2012 and, in this way, the rise in the enhancement is included within the base methodology and thus negates the need for reviews, which create unnecessary uncertainty.

Q3. Do you agree with the proposal to use PPS 3 and also include pitches on Gypsy and Traveller Sites owned and managed by local authorities or RSL's to define affordable homes.

A3. Northampton Borough Council agrees that there should be a good balance of market and affordable housing. This Council agrees that the housing market should offer a range of affordable housing options that meet people's varying needs. This Council therefore considers that the affordable housing enhancement should be paid on all new affordable homes provided through Section 106 Agreements, 100% affordable housing sites through direct Council provision, RSL or other accredited affordable housing provider at sub-market rents or intermediate rent or purchase schemes, including shared ownership and equity retention schemes.

However, PPS 3 Appendix B specifically excludes "low cost market" housing and other types of tenure not explicitly included in the definition. It is considered, that where such types of homes are provided through a Section 106 Agreement, thus satisfying an identified local need, then the enhancement should apply. This Council

agrees that Gypsy and Travellers Sites (including travelling show people) as set out in Paragraph 3.15 should also qualify for the enhancement.

Q4. Do you agree with the proposal to reward local authorities for bring empty properties back into use through the NHB? Are there are practical constraints?

This Council employs an Empty Homes Officer and runs a dedicated hotline for residents to report properties left empty. This Council therefore agrees with the proposal to reward local authorities for bringing empty properties back into use.

For the avoidance of doubt, this Council also considers that the NHB should apply to additional homes provided through the planning process through conversions or changes of use.

Q5. Do you agree with the proposal to split NHB between tiers 80%:20% to the upper tier, as a starting point for local negotiation? If not, what would the appropriate split be, and why?

5A. This Council agrees that for the NHB to be most effective as an incentive, it should be where the planning decision lies at the lower tier in two tier areas.

The Government, in proposing a split between the two tier authorities, does so on the basis that the upper tier has a role to play in the provision of services and infrastructure and the contribution they make to strategic planning. However, lower tier authorities are the plan-making and determining authorities. The lower tier authorities are therefore closer to the communities which will be affected by the new development.

This Council is, therefore, firmly of the view that splitting the NHB between upper and lower tier authorities or the LEP's would dilute the effectiveness of the NHB as an incentive to local communities to welcome new development. In Paragraph 3.2 of the document – under “Flexible” (page 15), the Government expects that Local Councillors would work closely with their communities, and, in particular, those most affected by growth, to understand their priorities for investment and to communicate to those neighbourhoods how NHB will be spent and the benefits it will bring.

The more divorced the neighbourhood from the decision-making process on investing the proceeds of NHB, the more diluted the NHB as a powerful incentive becomes.

Notwithstanding this, this Council recognises that both the County Council and the LEP's have an important role in providing infrastructure and services, which are of direct benefit to local communities.

However, NHB is only one of several fiscal incentives and it is considered that these upper tier bodies will best source monies for infrastructure provision through CIL and Section 106 obligations. However, this is not to preclude local communities from making investment decisions which may directly benefit services provided by upper tier authorities as well as other service providers such as the emergency services and health providers.

It is therefore considered that 100% of NHB should go to lower tier authorities outside London to enable investment decisions to be made locally, as envisaged in Paragraph 3.2 of the consultation document.

Q6. 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?

A6. The Council Tax Base as at October would not cover the full financial year, it is accepted that this would be the most up to date information available for CLG to make the announcement with the formula grant – see Q7.

Q7. Do you agree with the proposal for one annual allocation based on the previous year's Council Tax Base, paid the following April?

A7. While the tax base as at October will not cover the full financial year, it will be the most up to date information available for the CLG to make the payment on 1st April. This is an ideal time for authorities to receive the grant as it affords them the potential benefits of cash flow management. The risk is that significant changes to net additions come on line late in the previous year and grant is lost for the intervening year as a result of the October cut off.

However, it is considered that this will resolve itself over the six year period and this is recognised in the consultation document. It is considered that the alternative suggestions for a mid-point payment on additions in April with a correction in October would make the annual grant harder to predict, make it unwieldy to administer and less transparent to communities.

Q8. Do you agree that allocations should be announced alongside the Local Government finance timetable?

A8. It would be very helpful for budgeting purposes for the allocations to be announced alongside the formula grant in the Local Government finance table. This would enable Members to have a good picture of their income expectations for the following year and allows them to take decisions on better information in conjunction with their local communities.

Q9. 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?

A9. It is considered that the CLG official statistics offer the best available information on the increase in supply of affordable homes and this authority would support the use of this readily available and reliable information.

Q10. How significant are demolitions? Is there a proportionate method of collecting demolitions data at local authority level?

A10. Demolitions of affordable housing are not material for this Council. However, should the Government wish to monitor demolitions, the numbers are collected through the annual Housing Strategy Statistical Appendices.

Q11. Do you think the proposed scheme will impact any groups with protected characteristics.

A11. This Council considers that the NHB is fair to all groups.

Q12. Do you agree with the methodology used in the impact assessment?

A12. This Council has no comments on the methodology used.

Q13. Wider views on NHB and any issues that have not been addressed?

A13. As set out in Paragraph 1.3 above, the Council is concerned that the NHB, as currently envisaged, makes no provision for cross-boundary payments to communities who may be more affected by new development than residents of the administrative area in question. Such payments should be predicated and in proportion to the evidence of housing needs from the relevant Core Strategy. This Council considers that, as part of the proposed statutory duty to co-operate, the Decentralisation and Localism Bill should make provision for cross-boundary payments of the NHB to adequately compensate and incentivise residents in adjoining local authority areas.