

NEW HOMES BONUS CONSULTATION PAPER

RESPONSE FROM THE Highbury Group on Housing Delivery

Introduction

The Highbury Group is an independent group of specialists from public, private and independent sectors from housing, planning and related professions which prepares proposals for Government and other agencies on responses to the current 'credit crunch' aimed at maintaining the output of housing including affordable housing.

The group was established in 2008 as the Highbury Group on housing and the credit crunch and met at London Metropolitan University in Highbury Grove, Islington, London. The group's name was changed in September 2010 and it now meets at the University of Westminster, 35 Marylebone Road, London NW1

It comprises the following core members: **Duncan Bowie** - University of Westminster (convenor); Stephen Ashworth - Denton Wilde Sapte ; Julia Atkins - London Metropolitan University; Bob Colenutt - Northampton Institute for Urban Affairs ; Kathleen Dunmore - Three Dragons ; Michael Edwards - Bartlett School of Planning, UCL; Deborah Garvie - SHELTER ; Stephen Hill - C20 Futureplanners ; Roy Hind - Bedfordshire Pilgrims HA ; Angela Housham - Consultant ; Simon Kaplinsky - PRP Architects; Seema Manchanda - L B Islington ; Tony McBrearty – Consultant; Kelvin McDonald - Consultant ; **Dr Tony Manzi** - University of Westminster; James Stephens - HomeBuilders Federation ; Peter Studdert - Cambridgeshire Horizons ; Janet Sutherland - JTP Cities; Paul Watt - Birkbeck College

Response to Consultation Questions

1. The proposal that payment be based on the council tax value band of new properties will incentivise LAs who provide large sized homes. While acting as a disincentive to small flats, which is welcome, this may however encourage LAs to support top of the market homes rather than medium size/value homes which may be more appropriate to meet a wider range of housing demand. One option is to put a cap of the floor area of a dwelling on which the incentive is payable, at a level of, for example, 130 sq metres.
2. The proposed additional enhancement of £350 per additional home for affordable homes – i.e. £2,100 over 6 years, is inadequate in terms of incentivising LAs. However, there should be a disaggregation between different types of affordable housing – the incentive should be greater for social rented provision than for intermediate provision. This should relate to social rent provision at rents at or below the applicable target rent. Provision of rented homes at rents of, for example, 80% of market rents should be treated as intermediate provision, as this rent level is the current guideline for that form of provision. It is inappropriate for LAs to get the full supplement by

providing intermediate housing which is only marginally below market price and consequently unaffordable by the majority of households in housing need. An incentive at double the rate of the market incentive could be justified in terms of seeking to ensure a significant increase in the output of affordable housing but this should apply to social rented housing only. The £350 incentive should only apply to intermediate provision which meets a defined income based affordability criteria and is affordable by households below the median local household income.

3. While the use of the New Homes Bonus to incentivise Gipsy and Traveller provision is supported, it is important that separate targets and funding mechanisms for this provision are required.
4. There are fundamental problems in recording the number of long term vacant properties returning into permanent use. Moreover any system also has to reflect properties becoming vacant, not just properties becoming occupied. It is inappropriate to make a payment to an LA for a property returning to use when this has not resulted from any action taken by the local authority. There is also a case for excluding non self contained provision – for example student accommodation, from the bonus system
5. No comment
6. No comment
7. No comment
8. No comment
9. Payments should be on the basis of net additions to stock. By basing payments on gross figures, a LA would receive the same bonus for replacing demolished homes, normally through estate regeneration, as through enabling the provision of additional homes. Such a mechanism is an inappropriate substitute for a project specific funding system for estate regeneration and replacement.
10. Demolitions should be recorded. Payment should be on the basis of net additions to stock.
11. A significantly enhanced incentive for social rented provision would be beneficial to those households who are most disadvantaged by being on low incomes.
12. The impact assessment methodology is highly speculative. Any impact assessment also has to have regard to the government's announcement to proceed with the Community Infrastructure Levy.
13. There remains the more fundamental question as to whether the level of incentive is sufficient to ensure that all LAs will provide adequate housing to meet local, sub-regional and regional needs, given with the absence of regional and local housing targets, the requirement to do so has been removed. Incentives should be a supplement to strategic housing targets rather than a replacement for them. The worked examples give payments of £7,500 per unit

and £8,500 per unit, yet the one example of a community infrastructure cost given on page 47 gives £20,000 per unit.

Moreover as the payment of the incentive is based on actual completions, and payable only once new homes are recorded on council tax records, rather than on consents, a local authority which grants consents but where the consents are not implemented, receives no incentive. Consequently the incentive payment to the LA relates to output over which the LA actually has little control and which is dependent on a wide range of external factors, including the development viability of a scheme and the state of the housing market.

It is also critical that the proposed New Homes Bonus incentive operates within a plan based framework to ensure that grant is only paid in relation to appropriate sustainable development.

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Note. Previous Highbury group papers and consultation responses are available on the following website:
<http://www.westminster.ac.uk/schools/architecture/housing/urban-research-group/highbury-group-on-housing-delivery/highbury-group-documents>