

New Homes Bonus

Stuart Ashworth

New Homes Bonus

What is New Homes Bonus?

- It is money received by the Council for each new home that is brought forward, & long-term empty-homes brought back into use. Extra payment is received for affordable housing.
- Based on the amount of extra Council Tax revenue raised on each new home. Matched by Government
- Designed to reflect and incentivise housing growth in each Council's area.
- It has been matched on each new home built for 6 years.



New Homes Bonus

- “Sharpening the Incentive” - Consultation in December 2016
 - As a result a national baseline for housing growth introduced of 0.4% from 2017
 - Future baseline (for 18/19) under consideration
 - 17/18 NHB payments made for 5 rather than 6 years, going down to 4 years from 18/19
 - NHB is reducing....including top slicing of overall pot allocated to it



New Homes Bonus

- 2016/17 – Max. NHB of £3,275,249 achieved
- 2017/18 – NHB reduces to £2,410,952
- 2018/19 – NHB provisional allocation will be £1,265,435
- 2019/20 – NHB estimated to reduce to £869,186

New Homes Bonus

- NHB & Planning Effectively
 - New proposal is to link a reduction in the housing appeals (major and minor) lost against the number of applications determined. The outcome would then be a % reduction in your NHB
 - Put on hold for now a ‘per unit’ methodology but still under consideration, therefore does not at present take into account the size of the appeals lost and the number of units. If it does, reduction in NHB could be radically more.
 - Government also considering whether County Councils should be included in the calculation of any adjustments as they receive 20% of NHB payments



New Homes Bonus

	Worked Example	
1	Applications to LPA	100
2	Rejected by LPA	10
3	Appeal to PINS	5
4	Dismissed by PINS	2
5	Allowed by PINS	3
6	Reduction to NHB	3%



New Homes Bonus

- Based on a 12 month calculation during the most recent financial year, the current proposal would have cost the Council approximately £1800
- Per unit the calculation would have been more, estimated at around £9400
- However clear to see importance of large scale development, as they could cost tens of thousands in NHB payments if allowed at appeal

- Questions?

