



# News Release

*For immediate release, March 02, 2011*

## **New Homes Bonus Local Authorities losing millions**

Research released today reveals that Local Authorities across the country are losing out on millions of pounds in central Government funding for failing to build the homes their areas need. At a time when all Local Authorities have seen their funding cut and are making difficult budgetary decisions, the new figures show that Local Authorities will in future be missing out on up to £27M a year by scrapping previous plans for homes or not building enough to meet the needs of their communities

The New Homes Bonus is a cornerstone of the new 'localism' based planning system. The Government hopes it will incentivise Local Authorities – who have already seen their general funding cut – to facilitate housing construction, enabling the Coalition to meet its objective of building more homes and alleviating the country's growing housing crisis.

Last week Local Authorities across the country learnt for the first time how much they will receive from central Government this year for building homes. Some will gain over £4M in New Homes Bonus whilst others will receive nothing.

The Government's own household formation projections show we should be building 232,000 homes a year to meet the country's need. Yet figures released last week show only just over 100,000 were built in 2010 – the lowest in any peacetime year since 1923. HBF's latest Housing Pipeline report also showed Local Authorities are granting planning approvals for fewer and fewer new homes. Yet millions of families languish on Local Authority waiting lists and first time buyer numbers have collapsed.

Leeds City Council is revealed as the biggest potential loser. In recent months, and since the Government outlined the new planning system, it has scrapped plans for over 30,000 new homes. Continuing to build at its current rate of 1200 new homes a year - despite its population requiring over 5000 - could mean it loses out on over £27M a year in Bonus payments after 6 years. This money will instead go to other Local Authorities as the New Homes Bonus 'top slicing' of central Government grant is implemented.

The figures release last week for NHB 09/10 showed that;

- Tower Hamlets will get £4.28M in Bonus payments for the homes it added to its stock in 2009/10 whilst Hart in Hampshire will get nothing, having only built 10 new homes and had a net reduction in its housing stock of 39 homes.

This is despite the household projection figures showing that Hart should be building 400 new homes a year. If it did, after 6 years it would receive £3.5M a year in New Homes Bonus to spend as it wished.

Speaking today, Stewart Baseley, Executive Chairman of HBF said;

"The New Homes Bonus figures highlight the potential income Local Authorities can generate by building the new homes their areas need. In these austere times, with budgets being cut across the country, this money will prove invaluable. We have an acute housing

crisis in this country that has seen millions join the waiting lists for Council housing, and first time buyers unable to get a foot on the property ladder.

Local Authorities need to look hard at the difference the New Homes Bonus could make to them and work with the industry to plan properly for housing in their areas. The industry is willing to engage constructively and the financial rewards for meeting local needs will enable Authorities to fund a wide range of the services they want to provide for their electorate.”

**For media enquiries, or to arrange an interview, please contact Steve Turner on 020 7960 1606 / 07919 307 760 or [steve.turner@hbf.co.uk](mailto:steve.turner@hbf.co.uk)**



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### **Notes to Editors:**

1. The Home Builders Federation (HBF) is the representative body of the home building industry in England and Wales. The HBF's 300 member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies: [www.hbf.co.uk](http://www.hbf.co.uk)
2. For a full list of what each Local Authority received (alphabetical) click below. The table contains what each LA was awarded for its net additions for 2009/10; what that equates to over 6 years – the period for which a LA will receive the NHB for each net additional home; what each LAs predicted housing need is, based on the Government household formation projection figures for each LA; the average band d council tax for each LA (NHB is matched council tax funding so band d has been used for these calcs as it is the average dwelling; what each LA would receive in NHB if it built the number of homes it requires – in year 1 and year 6; and the difference between what it is receiving now based on its current build rate and what it would receive if it built the number of homes it required – in year 1 and 6.  
[http://www.hbf.co.uk/fileadmin/documents/Email\\_Links/NHB - LAs A-Z - Feb 2011.pdf](http://www.hbf.co.uk/fileadmin/documents/Email_Links/NHB_-_LAs_A-Z_-_Feb_2011.pdf)
3. For a list ranked by potential lost revenue click here;  
[http://www.hbf.co.uk/fileadmin/documents/Email\\_Links/NHB - \\_Ranked by LAs potential loss of income - Feb 2011.pdf](http://www.hbf.co.uk/fileadmin/documents/Email_Links/NHB_-_Ranked_by_LAs_potential_loss_of_income_-_Feb_2011.pdf)
4. CLG 2010 housing stats, showing how many homes were built click here;  
<http://www.communities.gov.uk/documents/statistics/pdf/1845606.jpg>
5. HBFs latest Housing Pipeline report click here;  
[http://www.hbf.co.uk/fileadmin/documents/research/HBF\\_Report - Housing pipeline - \\_Feb 2011.pdf](http://www.hbf.co.uk/fileadmin/documents/research/HBF_Report_-_Housing_pipeline_-_Feb_2011.pdf)