



The Rt Hon Grant Shapps MP
Minister for Housing and Local Government

**Department for Communities and Local
Government**

Eland House
Bressenden Place
London SW1E 5DU

Tel: 0303 444 3460
Fax: 020 7828 4903
E-Mail: grant.shapps@communities.gsi.gov.uk

www.communities.gov.uk

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To all LA Leaders

Dear Leader

NEW HOMES BONUS SCHEME

I have written recently on some of these issues to Leaders of Growth Points and growth area authorities and welcome the comment and reports which they have provided. I am now writing to all authorities to underline the Government's commitment to supporting locally-driven housing growth and economic development. In particular, I want to be clear about the strong and transparent framework of incentives we will put in place quickly to encourage local authorities to facilitate development.

We are committed to scrapping the undemocratic and ineffective top-down system we inherited from the previous Government and returning control of a faster, more responsive planning system to local people. We have acted quickly to revoke Regional Strategies which attempted to force development on communities, but served only to antagonise and increase resistance. We will not tell you how or where your communities should grow, but we will ensure that local authorities that facilitate the building of new homes and the economic development our communities need and want reap the benefits of development, not just the costs.

Central to this approach is the **New Homes Bonus scheme**. At the moment, the local government finance system does not adequately reflect the costs of growth, and the Housing and Planning Delivery Grant failed as it was too complicated and target driven. The Coalition Agreement makes a clear commitment to providing local authorities with real incentives to build new homes. These incentives will directly reward councils for new homes built, and we will be consulting on the detail later this year. Because we are committed to housing growth, introducing these incentives will be a priority and we aim to do so early in the Spending Review period. **I can therefore today confirm that councils who take action now to give planning consent and support the construction of new homes will receive direct and substantial benefit from their actions.**

In addition, as the Budget set out, we are also working on business rates reforms to encourage economic development, as well as reforming the Community Infrastructure Levy to provide an even clearer incentive to develop. With this package of reforms, I want to send a very clear signal that local communities that choose to go for growth, both now and in the future, will receive substantial extra funding for doing so.

These funds can be spent according to local wishes - such as offering council tax discounts to local residents, supporting frontline services like rubbish collections, or improving local facilities like playgrounds and parks.

This is a big opportunity for you to open up an honest and direct debate with the communities you serve about the benefits of growth. Over the Summer we look forward to listening to the views of councils, communities and industry as we develop the scheme design and we will publish a formal consultation after the outcome of the Spending Review. In the meantime, if you would like to discuss or have any comments, please use the e-mail address newhomesbonus@communities.gsi.gov.uk.

I am writing in similar terms to your local MP.

A handwritten signature in black ink, appearing to read 'Grant Shapps', with a small dot at the end of the signature.

GRANT SHAPPS MP