

# New Homes Bonus

**Housing Markets and Supply**

**25 Nov 2011**

**A big reform agenda for housing...**





## Purpose

- To introduce the New Homes Bonus (NHB)
- To explain how CTB forms will be used to calculate NHB
- To discuss how empty homes impact on NHB

### *A Bonus for housing ...*

- The New Homes Bonus is a powerful, simple and transparent incentive for local authorities and communities to increase their aspirations for housing growth.
- It will match fund the council tax, using the national average in each band, on new homes and long term properties brought back into use for six years, with an additional amount for affordable homes.
- Further information at <http://www.communities.gov.uk/housing/housingsupply/newhomesbonus/>

## New Homes Bonus – How does the scheme work?

### Unit of Reward

- Measuring the change in dwellings on council tax valuation lists on the Council Tax Base Form, (October to October) - Increases in effective stock, net off demolitions, includes long term empty properties.

*Dwellings on the valuation list (Line 1) MINUS adjustment for recent demolitions and out of area dwellings (line 3) MINUS Long term empty homes (lines 12, 14 & 15)*

- Each additional dwelling is linked to the national average of the council tax band,



## **New Homes Bonus – How does the scheme work?**

### **Tier Split**

- In two tier areas, 80% to the lower tier and 20% to the upper tier.

### **Empty Properties**

- Properties which are recorded on the Council Tax Base forms as long term empty (i.e. empty for more than 6 months) which are then brought back into use and therefore taken off the Council Tax Base form will increase the reward.

### **Timing of Payments**

- Payments will be made alongside the local government finance settlement.

**There is a £350 premium per new affordable home for the following six years.**

**How does this affect affordable empty homes?**

- Affordable homes brought back into use as an affordable home does not qualify for the premium.
- Market homes brought as an affordable does qualify for the premium.

- The New Homes Bonus measures increases in effective stock.
- Effective stock = properties on valuation list – long-term empties
- If an authority demolishes a non long term empty = -1 unit
- If an authority demolishes a long term empty = 0 unit
- If an occupied property is emptied ready for demolition = -1 unit
- No authority ever gets an overall negative. Ie We will never take money away from an authority!



## What counts as long-term empties

- Data is taken from the CTB form which is produced by local authorities in October.
- We use lines 12, 14 and 15.
- These measure long-term empty properties categorised as class C.
- We expect local authorities to provide CTB forms on a consistent basis so we can make a comparison between years.
- We ask for explanation where there is a big change in empties one year to the next.
- CTB data is best available on empties. But may not always have been consistent. For example there are often issues separating empties from second homes



## What about empties that don't count for NHB?

- New Homes Bonus only rewards long term empties in Class C.
- What benefits are there to bringing others back in:
- All the arguments about blight in an area still apply.
- Under new local government finance system, it is likely that the relationship between council tax will be more transparent.
- Therefore the authority will still benefit socially and financially.



## What can Empty Property Officers do?

- **Get to know the CTB form people in your authority**
- Understand what is on the CTB form and ensure your records are consistent.
- Help improve CTB form data using on the ground knowledge
- Ensure that these records are kept up to date with properties you have brought back in.
- Ensure new empties are recorded (otherwise you won't benefit when they come back in)



## How do I explain the importance of empty properties to Members and Senior Officers?

- In the New Homes Bonus management of empty properties is seen as integral to housing supply.
- As with new supply, the market will always be the driving force. But:
- LAs can help manage this; maximising decreases in empty homes and minimising increases in empty homes.
  - Prevent empties happening
  - Reduce length of time properties are empty
  - Bring most difficult back in to use
- This will maximise New Homes Bonus. It will ensure that authorities do not lose NHB gained by New Build through taking an increase in empties
- Empties properties create blight: crime, vandalism, arson...
- Empties can be a source of opposition to new properties.



**Questions**

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