



Ministry of Housing,
Communities &
Local Government

Dominic Raab MP
Minister of State for Housing

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Dear Councillor Raw,

Thank you for your letter of 15 December about Universal Credit and the New Homes Bonus, and for providing me with details of the outcome of a debate at the full council meeting on 2 November, including the 3 Notices of Motion passed there.

The New Homes Bonus was introduced in 2011 with the aim of providing a financial incentive to reward and encourage local authorities, to help facilitate housing growth.

The Bonus is not ring fenced and flexible in terms of how receipts are spent, so authorities can choose how to allocate the funding to meet local priorities such as dealing with homelessness. Local authorities are in the best position to make decisions about local priorities. Local authorities should engage with their local community to decide how the money is spent, so that residents feel the direct benefits of growth. However, it is for authorities to decide how this should be achieved.

It is important that the cost of the Bonus remain within budget, should there be an unexpected surge in house building levels. It is consistent with the Government's intention to ensure that the Bonus acts as a true incentive to housing growth.

Government continues to be committed to incentivising local authorities to support housing growth in their areas. We will continue to consider the best approach in the context of the wider Local Government Finance Settlement and will consult on any further changes to the Bonus before implementation.

I hope you find this information helpful.

You should,

DOMINIC RAAB MP

