



**Rt Hon Grant Shapps MP**  
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**To All Leaders of Housing Growth  
Local Authorities**

**Dear Leader**

As part of the review of programmes which the Coalition Government has inherited, including our review of spending commitments, I am writing to growth authorities to outline some of our thinking, and to ask for your response on taking a new approach to this area.

I am clear that to restore a good supply of new housing requires a fundamental rethink of how we go about this. Top down targets have been shown not to work – we now have the lowest house-building level in peacetime since 1924. I want to replace this with powerful new incentives and the ability for your local community, to support major new developments because they will get something back in return. We have announced our intention to implement rapidly the commitment to abolish Regional Strategies and return decision making powers on housing and planning to local councils. The Localism Bill, announced in the Queen's Speech will include this and other measures to shift power back into the hands of individuals, communities and councils and give local communities a real share in growth.

Critical to this new approach will be 3 new elements:

- (i) Putting the local community in the driving seat – giving real power to local people to control the way in which villages, towns and cities develop;
- (ii) Rewarding local communities so that development occurs where people see that building new homes is of direct benefit to them in terms of jobs, improving affordability and investment in the existing community and the infrastructure it needs;
- (iii) Creating a strong and well considered local plan, locally determined, which provides enough jobs and homes to meet the aspirations of the area.

As you will be aware the resources available for growth must be considered in the light of our deficit reduction priorities. Ensuring economic recovery is the most urgent issue facing Britain to maintain the confidence of both the financial markets and the wider economy, but I believe there is a good rationale for the growth funding programme, and I am pleased that we have been able to safeguard the growth funding for 2010/11 at the levels set out in December last year.

However before releasing this further growth funding I want to be sure that the way we approach this challenge is changing. I would therefore welcome a statement of your authority or partnership's approach to securing real local and community engagement, and the progress you are in achieving that, also setting out how you are able to show that existing residents will gain from this funding.

It is important that whatever funding is available this year is used to help generate the very different approach to community engagement and local/community benefit that will be needed in future years. Going forward, this will be greatly strengthened through the type of incentives package I have outlined, which would provide Council Tax match funding on every new home built, and a higher rate on each new affordable home over a number of years.

I want to make clear that my role will be supportive of a localist approach to the provision of new housing, providing it meets the criteria we have set out. I want to hear now how you can increase build rates, based on this localist approach which enjoys the backing and support of your residents, and I look forward to working with you.

A handwritten signature in black ink, reading "Grant Shapps". The signature is written in a cursive, flowing style with a small dot at the end.

**GRANT SHAPPS MP**