



## *News Release*

**FOR IMMEDIATE RELEASE**

**NE/277/08**

**16 July 2008**

**Facing the Housing Challenge – Action Today, Innovation for Tomorrow**

*More homes for the North East*

A series of further measures and reforms designed to help alleviate the current challenges in the housing market and to support the vital delivery of more homes over the long-term, are being announced today by Housing Minister Caroline Flint.

The measures are part of a new update, published today, on progress to delivering more homes, helping first time buyers, supporting existing home owners, assisting the industry which is currently facing tougher conditions, and ensuring that the right foundations are in place for a recovery in new build starts.

Housing Minister Caroline Flint said:

"The package being announced today will both help people facing difficulties right now, and lay the foundations to help meet the long term housing needs of the country.

"That means being ambitious, but also practical and realistic, acknowledging not only the difficulties faced by individuals and families, but for those who work in the house building industry.

"We are determined to continue to do everything possible to promote long-term stability and fairness in the housing market. The international credit crunch has created significant challenges not just for the UK housing market, but in other parts of Europe and the United States.

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"However, the long term need to provide more homes has not gone away. We have a growing and ageing population and will only see worsening affordability unless we increase housing supply. The extra homes provided through Growth Points in the North East will deliver a substantial number of affordable new homes and help deliver the homes needed for our families and first time buyers."

The measures include:

- **Extending the Growth Points scheme to the North East for the first time, by building a total of 13,000 more homes than previously planned in five areas of strong growth:** Tees Valley; South East Durham; Newcastle and Gateshead; South East Northumberland; and North Tyneside. These areas will receive part of a national pot of more than £100m to fund the extra infrastructure needed to support more homes, including schools, health facilities and parks.
- **A new scheme to support first time buyers into affordable home ownership by renting first and buying later.** Under the scheme, eligible households earning £60,000 a year or less will be able to rent a new home at a discounted rate for a period of two to three years. They will have the option to buy a part share in the home. The affordable rent, which will be 80 per cent of the market rent or less, will enable the household to save for a deposit to buy the share in the home. The new pilot scheme, called Rent to Home buy, is designed to give more choice and flexibility to first time buyers, and is part of the Government's low cost home ownership schemes

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- **New partnerships between the public and private sector that will put councils back at the centre stage of providing homes.** The first 4 Local Housing Companies will be announced today, in Barking and Dagenham, Newcastle, Nottingham, and Manchester. Under this new partnership between councils and the private sector, councils put forward their surplus land into the Local Housing Company and have a full part in agreeing the development, which must include at least 50 per cent affordable homes. In return, private sector partners, provide the equivalent investment and homes and skills needed to build the homes.
- **Allocating the first tranche of a £510 million funding pot to reward councils who are working to bring land forward for development,** helping to provide more homes and give the house building industry greater certainty that suitable land will be available when the market picks up. The Housing and Planning Delivery Grant is a direct incentive for councils who are taking action to meet the housing needs in their areas and rewards those putting plans and land allocations in place.
- **Confirming that more funding, beyond the £200 million already allocated to buy unsold stock from house builders for affordable homes, could be made available,** should the properties be in the right place, at the right price, and offering good standards. The Government believes this is the right approach rather than setting an arbitrary cap on the figure, to avoid the purchase of inappropriate properties. The Housing Corporation is now in discussion with many of the major house builders to discuss options for bringing unsold homes into the affordable housing sector.

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- **New plans to work with local authorities and housing associations to examine proposals for mortgage rescue schemes and the wider role they could play in supporting home owners.** Some councils, for example, are assisting housing households through an emergency hardship fund, usually in the form of loans, as part of their homelessness prevention work.
- **The National Housing Advisory Service will shortly publish a new advice leaflet for home owners,** pulling together all the up-to-date contact details of major national money, debt and legal advice agencies into one consumer friendly document. The leaflet will be distributed in August by local authorities, CAB, Shelter, and money advisers.

## ENDS

### Notes to editors

1. Today's publication of '*Facing the housing challenge- action today, innovation for tomorrow*, is the next stage in the on-going work between Government, its agencies and industry, to support the housing market now and in the future.
2. The local authorities who have successfully bid for Growth Point status in the North East are:
  - **Tees Valley** (Darlington BC, Hartlepool BC, Stockton on Tees BC, and Redcar and Cleveland BC). Together they will build over 3,700 more homes than previously planned, and will receive £200,000 immediate funding for planning.
  - **South East Durham** (Durham CC, Sedgefield BC, Wear Valley BC, and Easington DC). Together they will build almost 4,700 more homes than previously planned, and will receive £100,000 immediate funding for planning.
  - **Newcastle and Gateshead** (Gateshead MBC and Newcastle CC). Together they will build more than 2,400 more homes than previously planned, and will receive £150,000 immediate funding for planning.
  - **South East Northumberland** (Northumberland CC, Blyth Valley BC, Wansbeck DC, and Castle Morpeth BC). Together they will build almost 1,200 more homes than previously planned, and will receive £100,000 immediate funding for planning.

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- **North Tyneside** (North Tyneside BC). They will build almost 900 more homes than previously planned, and will receive £100,000 immediate funding for planning.

As well as the immediate funding grants and the national pot of more than £100m for improving infrastructure, these Growth Points will also be able to apply for funding to improve their transport links from the £200m Community Infrastructure Fund.

For further details contact the relevant local authority

3. Earlier this month, the Government announced further measures to maintain the delivery of affordable housing, including a National Clearing House to give developers early feedback on schemes they wish to bring forward for the £200 million fund to buy unsold stock, and measures to improve cash flow by increasing the flexibility on payments.
4. The Government has already announced it is extending eligibility for its shared ownership schemes, so that households with an income of £60,000 or less can apply. We are also providing an extra £9m for debt advice, and extending free legal advice for all households at risk of repossession.

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