

# BRIEFING



Budget 2008: Housing Measures

12 March 2008

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The Budget contains a number of small measures, but nothing major.

### **Stamp Duty Land Tax**

No change to rates or thresholds – in view of public finance pressures.

### **Tax Avoidance Schemes**

The SDLT disclosure rules for identifying tax avoidance schemes will be extended later in 2008 to residential property worth £1 million or over. A formal consultation will be published in due course.

### **Stamp Duty on Shared Ownership**

The current rather complicated system for SDLT on shared ownership has been simplified. No stamp duty will be payable on owned shares up to 80% of the purchase price, and then stamp duty will be levied only on staircased shares above 80%. (So someone buying 80%, but then staircasing up to 100%, would pay stamp duty on the staircased 20% only.)

### **Contaminated Land Relief**

The Government intends to extend the Contaminated Land Relief for the costs of bringing derelict land into productive use and for the eradication of Japanese Knotweed on affected development sites. However the landfill tax exemption for waste from contaminated land is to be phased out by 1 April 2012, a longer period than originally proposed.

HBF made representations on the proposed amendments, following their initial announcement in Budget 2007, and supported the extension of relief, whilst arguing against the removal of the landfill tax exemption as in many instances removal off-site is the only practical means of treating contaminated land.

### **VAT: Option to Tax Land & Buildings**

The Government has published a measure to simplify the legislation relating to the option to tax land and/or buildings (see Budget Note 79).

## **Landfill Tax**

The standard rate of landfill tax is to increase to £40 per tonne on or after 1 April 2009.

## **Derelict Land**

The Government has abandoned its proposal to extend business rates to include derelict and vacant previously developed land.

## **Zero-carbon Homes**

The Government will consult on the definition of zero-carbon homes during the Summer and set out a definition by the end of 2008.

It will provide pump-priming funding for a new 2016 delivery unit to be launched this year to guide, monitor and coordinate the zero-carbon homes programme.

The existing time-limited (to 30 September 2012) relief from stamp duty land tax for new zero-carbon homes will be extended to cover zero-carbon new-build flats on first sale with effect on and after 1 October 2007 on the whole price up to £500,000, or reduced by £15,000 for prices over £500,000. Government departments carrying out assessments of whether a home meets the zero-carbon standard will be able to charge a "reasonable fee".

## **Zero Carbon Non-residential Buildings**

The Government intends all new non-domestic buildings to be zero carbon from 2019. It will consult on the timeline and feasibility, and review progress in 2013. All new public sector buildings will be zero carbon from 2018 and the Government will establish a taskforce to advise.

## **Government Housing Target**

The Government's housing target is for 240,000 net additions per year by 2016. A new figures has been published showing net additions of 199,000 in 2006-07, the highest level since the 1980s. As this is far above new build completions in 2006-07 (167,577), implying a very large figure for conversions less demolitions (over 32,000). From the evidence of recent years, this is probably because conversions are running at very high levels.

## **Planning**

"The Government will shortly consult on bringing together Regional Economic Strategies (RES) and Regional Spatial Strategies (RSS) into a single strategy setting out housing plans alongside wider economic, social and environmental objectives." The intention is that RDAs will take over responsibility for the combined regional economic and spatial strategy.

## **Community Infrastructure Levy (CIL)**

The Government will make further policy announcements on the CIL before the Summer Parliamentary recess.

## **Surplus Public Sector Land**

In the Green Paper, the Government said 200,000 new homes would be supplied by 2016 on surplus public sector land. The Budget says the Government has “firmly identified sites on central government surplus land with potential for 70,000 new homes”. Further details are to be issued by CLG shortly.

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