

BRIEFING



THE NEW GOVERNMENT

14 May 2010

New Government

Following the extraordinary events of the last week, this note sets out the key appointments in the new Conservative–Liberal Democrat Coalition Government formed on 11 May, and the actions HBF is taking to ensure the most important issues facing the industry are brought immediately to the attention of new Ministers.

[Please click here to view](#) the full confirmed list of the new Cabinet. Key figures will be Communities Secretary Eric Pickles, Chancellor George Osborne, Business Secretary Vince Cable and Energy Secretary Chris Huhne. We understand both Grant Shapps and Greg Clark will be Ministers of State at CLG. Shapps will be responsible for Housing, and we understand Clark will undertake responsibility for Planning. As soon as we have a complete list of all CLG Ministers, with their correct titles and information regarding their areas of responsibility, we will update you.

HBF action

HBF Executive Chairman, Stewart Baseley, has written to Eric Pickles, Grant Shapps and Greg Clark setting out our 'Day One' priorities for the new Government in order to secure an improved housing supply. A copy of our policy priorities is available online [please click here to view](#).

We have issued a press statement calling for the new Government to tackle the barriers to an increased housing supply in view of the scale of the national housing crisis. The release also reinforces our call not to introduce VAT on the sale of new homes. A copy of our release is on our website [please click here to view](#) and a copy is included at the end of this briefing document.

It is unclear at this stage to what extent the Conservatives and Liberal Democrats have discussed their position on housing and planning policy. The published agreement ([please click here to view](#)) they reached in forming a Coalition does not refer to housing or planning. This may reflect the fact that they appear to share broadly similar objectives in terms of

abolishing existing regional plans and housing targets and moving to a localist planning system, as well as the relatively low priority attached to housing in the election campaign.

Our working assumption is that we need to continue the work we undertook with the Conservatives before the election to seek to make a localist approach as workable as possible.

There is, however, a major potential concern relating to the Lib Dems' pre-election proposal to equalise VAT on new build homes and refurbishment. The published agreement between the Coalition partners is silent on VAT as a whole, but there is much speculation among economists that an increase in the standard rate of VAT is a likely response to tackling the budget deficit.

We are therefore prioritising action to make the case against any introduction of VAT on new housing. We are writing separately to the Chancellor and other senior ministers about this.

In addition, we are writing to the Eric Pickles, Business Secretary Vince Cable and Cabinet colleagues on the priority actions that need to be taken to address the very serious adverse impact of the Cumulative Burden of Regulation on development viability and future housing delivery.

We are holding early meetings with officials at CLG, Treasury, BIS and the Better Regulation Executive to discuss all our priority issues. It will be especially important to work closely with officials to try to ensure the many new housing, planning and taxation policies do not damage house building or the industry.

We will be writing to all new MPs to restate our pre-election Manifesto case for action to increase housing supply and explaining the barriers that are currently constraining delivery and the many adverse consequences of housing undersupply

HBF comment

The agreement reached between the Coalition partners opens a new chapter in our modern political and constitutional history.

The two parties have made a commitment to a fixed-term parliament of five years, with the next election due in May 2015. They also intend to legislate to make fixed-term five year parliaments the normal arrangement in future, subject to providing for "dissolution if 55 per cent or more of the House votes in favour".

A Referendum Bill on electoral reform will provide for the introduction of the Alternative Vote system for constituencies in the event of a positive result in the referendum, as well as for "the creation of fewer and more equal sized constituencies". This balances the wishes of the two parties with regard to reform.

Reform of the House of Lords with a view to this becoming a "wholly or mainly elected upper chamber on the basis of proportional representation" will also be considered, with proposals by December this year.

A further point to note for HBF members is that the parties "agree to the implementation of the Calman Commission proposals ([please click here for details](#)) and the offer of a referendum on further Welsh devolution".

In England the Coalition agreement confirms the general intention to advance a "localist" agenda in saying the parties "will promote the radical devolution of power and greater financial autonomy to local government and community groups", including a full review of local government finance. There is no reference to a Housing and Planning Bill in the first session of parliament, but given the Conservatives' previous statements on early legislation in this area we may still see such a Bill included in the Queen's Speech on 25 May.

Other policy points to note from the Coalition agreement include seeking a "detailed agreement on taxing non-business capital gains at rates similar or close to those applied to income, with generous exemptions for entrepreneurial business activities." We have urgently raised our concerns with officials in CLG and Treasury, asking for clarification whether residential land would be regarded as a business asset, and so avoid the new rates. Like VAT, higher rates of CGT would further damage viabilities, reduce house building and not yield any additional revenue for the public sector.

The Coalition has committed to banking reform, including establishing "an independent commission to investigate the complex issue of separating retail and investment banking in a sustainable way." HBF will track this work and, in liaison with other organisations such as the CML, contribute as necessary with the objective of avoiding damage to the availability of mortgage finance firmly in mind. We will also be watching closely the future role of the FSA and mortgage regulation. We have already opened discussions with the FSA about future regulation of second-charge mortgages.

Another commitment - that many will welcome - is to abolish HIPs, although the requirement for Energy Performance Certificates remains (the latter is of course a requirement under European law).

There is much else about the day-to-day conduct of business that is not yet clear. The mechanisms for reaching agreement on new policy positions on issues of significance may require further thought, as may policy formulation within Government Departments with Ministers from the two Coalition parties.

HBF will be seeking clarification of these and other points and will advise members as the full picture emerges.

John Slaughter
Director of External Affairs

For immediate release 14 May, 2010.

New Government must now honour commitment to increase home building

HBF today called on the new Government to deliver its pre-election pledge to build more homes. The Federation welcomes the appointment of Grant Shapps to his pre-election housing brief, but it is surprised that whilst the country is in the midst of an acute housing crisis, his position was not afforded a place in the new Cabinet.

Speaking today, Stewart Baseley Executive Chairman of HBF said:

"A stable coalition Government will provide certainty as we look to tackle the country's housing crisis. Appointing Shapps is a sensible move that will provide consistency in the home building industry's discussions with the Government as the Conservatives' pre-election proposals are put into effect. Greg Clarke's position will also be vital as the Government pushes through its radical changes to the Planning System. A manageable transition plan will be essential if we are to avoid a period of uncertainty and delay and a hiatus in housing delivery.

Baseley continued: *"The Conservatives have stated many times that they are committed to building more homes. The Government's task now is to develop a policy framework that will deliver on this promise, working closely with the home building industry.*

"Such a framework must include, as a matter of urgency, steps to tackle the lack of mortgage availability, particularly for first-time buyers, and increase the supply of viable developable land, both of which are currently constraining housing supply. It must also find a way of reducing to realistic levels the regulatory costs that have rocketed over the past decade.

"It must not include any proposals to introduce VAT on new homes, a pre-election idea floated by the Lib Dems and subsequently dismissed by the Conservatives, which would be a significant step backwards and would penalise first-time buyers and result in even fewer homes being built."

The country currently has a housing shortage approaching a million homes, with five million people on local authority waiting lists, and home building has fallen to the lowest peacetime levels since the early 1920s.

There are a host of other issues the new CLG team quickly needs to get to grips with, including how to maintain vital public funding for affordable housing and the zero carbon agenda.



HBF has already written to the new Ministerial team to outline what it feels should be the new Governments 'Day 1' housing and planning priorities.

For media enquiries, or to arrange an interview, please contact Steve Turner on 020 7960 1606 / 07919 307 760 or steve.turner@hbf.co.uk

Notes to Editors:

1. The Home Builders Federation (HBF) is the principal representative body for private sector home builders and voice of the home building industry in England and Wales. The HBF's 300 member firms account for some 80% of all new homes built in England and Wales in any one year, and include companies of all sizes, ranging from multi-national, household names through regionally based businesses to small local companies: www.hbf.co.uk

Immediate Priorities for a Recovery in Home Building



HOME BUILDERS FEDERATION BRIEFING

12 MAY 2010

Home building makes a significant contribution to the UK economy. Every new home provides 1.5 jobs, plus up to four times that many in the supply chain. Private house building contributes £5 billion annually to community infrastructure and provides the majority of new Affordable Housing.

Britain suffers from a serious, long-term undersupply of housing, resulting in a multitude of adverse economic and social consequences.

Britain's world-beating zero-carbon target means that new homes will make an increasingly significant contribution to reducing Britain's carbon emissions.

The private home building industry will have to produce the vast majority of new homes over the next 5-10 years, given public spending constraints.

Therefore for economic, social and environmental reasons, Government housing policy needs to facilitate and encourage a significant and sustained increase in private home building. While many detailed policy measures will be required, the following are the industry's immediate priorities:

New Home demand

- A restoration of mortgage funding and more affordable mortgage terms; greater competition among an increased number of lenders.

New housing supply

- A Government/industry Sounding Board to monitor planning reform and housing delivery, identify obstacles and develop workable solutions;
- Robust transition and monitoring arrangements for the proposed planning reforms to avoid delay, uncertainty and a hiatus in house building;
- Measures to ensure local authorities produce timely local plans, backed by a presumption in favour of sustainable development and strong fiscal incentives for housing delivery;
- A cost-effective, economically-efficient definition of zero carbon;
- A comprehensive review of current and planned policy and regulation, and practical measures to simplify regulation and restrict its future growth;
- A commitment to public funding for Affordable Housing and support for first-time buyers (especially HomeBuy Direct);
- VAT on new homes would be very damaging to new housing delivery and would not raise any additional revenue for the public sector.