

BRIEFING



Budget 2010 HBF Briefing

24th March 2010

Key Housing Measures

1. Budget Announcements

Stamp Duty Land Tax (SDLT)

From midnight tonight there will be relief from SDLT for purchases of residential property up to £250,000 where the purchaser or all the purchasers are first-time buyers and intend to occupy the property as their only or main home. The relief is time-limited to two years (to 25 March 2012). The cost to the Treasury is put at £230m in 2010-11, rising to £290m in 2011-12.

The measure will be partly paid for by a new SDLT rate of 5% on properties valued at more than £1 million. However this will not take effect until 6th April 2011. The Treasury estimates the new rate will raise an additional £70m in 2011-12 and £230m in 2012-13.

HMRC press releases, a technical note and Q&A are available at:

<http://www.hmrc.gov.uk/budget2010/sdlft.htm>

Under the heading “supporting a growing housing sector”, HM Treasury has announced a number of measures.

Ministerially sponsored action group

CLG recently commissioned Professor Michael Ball to undertake a study into the drivers of housing growth and the key challenges facing the industry. Through HBF, a number of senior executives in member companies assisted Professor Ball. His study identified: the supply of viable land, the regulatory cost on the industry, and skills and innovation within the industry. The first two have been major focuses of HBF activity. The Government will now establish a ministerially sponsored action group to address these challenges and develop proposals for action. HBF is working closely with CLG on setting up this group.

Local Authority 5-year Land Supply

Following representations from HBF, CLG commissioned the Planning Inspectorate to undertake a study of local authority five-year land supplies. While some 87% of authorities had told CLG they had a five-year supply, feedback from HBF members suggested many local authorities did not in fact have an adequate supply. CLG is today publishing the results of the PINS study which confirms HBF's representations. Only 62% of the authorities in the study had a robust five-year supply, and only just over 50% of Priority Authorities – those with a significant housing target – had a five-year supply.

As a result of this study, PINS will now continue to report to Government on the position across the country, and from 2010-11 the Government will withhold Housing and Planning Delivery Grant from authorities that fail to produce satisfactory five-year land supply assessments. In effect, the Government will name and shame authorities.

Public Land Disposals

The Government will bring forward more public sector surplus land and is to introduce departmental land disposal targets. The OFT house building study in 2008 found that between a quarter and third of all potential residential development land was owned by the public sector. HBF has made representations to CLG and Treasury to accelerate the disposal of public sector land.

Burden of Regulation

The Government, through the Better Regulation Executive, is to reduce the regulatory burden on the house building industry as part of £1-1.5bn savings to be achieved through the Built Environment theme of the 2010-15 regulation Simplification Target. It will report progress in Budget 2011. The Government is also to limit consideration of new national regulations to fixed intervals (half yearly or annual), as part of its work on the National Baseline of regulatory costs, and there will be a regulation report at the Budget each year. The intention is to stop regulation by stealth. HBF has done a great deal of work on the Burden of Regulation. These measures show the problem of residential land viability and the regulatory burden is now recognised across Government.

Mortgage Regulation

The Government intends to transfer the regulation of second-charge mortgage lending to the FSA, including the regulation of existing second-charge loans. It is also continuing to explore how best to protect consumers in the buy-to-let market. HBF made representations on both these issues in responses to the recent FSA and Treasury mortgage regulation consultations.

2. Other Announcements

S106 Consultation

Tomorrow (25th March) CLG will publish a consultation on the appropriate usage of S106 agreements in a CIL world.

HCA Standards Consultation

Also tomorrow, the Homes and Communities Agency (HCA) will publish a consultation on new housing design, space and sustainability standards.

HBF will be consulting members as we prepare responses to both these consultations. Both will have the usual 12 week consultation period.

John Stewart

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