Budget 2018: What are the key resi announcements?

From Theresa May's Conservative Party conference promise to scrap council borrowing caps, to plans to increase stamp duty for overseas buyers and an analysis of the results of the Letwin Review, the expectations were high for residential property in Budget 2018.

Chancellor of the exchequer Philip Hammond said: "The era of austerity is coming to an end" as he announced revised growth forecasts of 1.6% for 2019, dropping to 1.4% in 2020.

Upgraded forecasts for government borrowing and growth will power housing strategies, which included extended stamp duty relief and funds for housing associations and local authorities. But there is still uncertainty over the future of Help to Buy and shared ownership, as well as overseas buyer taxation.

Here are the Budget's top residential property announcements, expert opinions, and what to watch out for in the future.

■ **Help to Buy equity loans extended until 2023**

The announcement of £7.2bn in equity loans for first-time buyers didn't make it into Hammond's speech, but it was in the Budget Red Book. The scheme, which aims to help 100,000 new buyers, will run from April 2021 for two years. But the Treasury added: "The government does not intend to introduce a further Help to Buy equity loan scheme after 2023."

Lucian Cook, head of residential research at Savills, said: "Irrespective of limiting it to first-time buyers and applying regional caps on values, the big story here is that it will be extended only to 2023. That puts housebuilders on notice that they will no longer have a government-backed safety net and will have to be more forensic about what they deliver and where they build it."

■ **Stamp Duty Land Tax relief**

The tax relief will extend to all first-time buyers of all shared ownership properties valued at up to £500,000. It will be applied retrospectively from the previous Budget. Grainne Gilmore, Knight Frank head of UK residential research, said: "The extension of the first-time buyer stamp duty relief for those purchasing through shared ownership is a positive move to help more buyers onto the housing ladder. It was an unusual move by the chancellor to backdate his decision, which will mean thousands of extra new homeowners will also receive a surprise rebate."

■ **£500m added to the Housing Infrastructure Fund**

The investment seeks to unlock the development of an additional 650,000 homes by bringing the fund, which is available to local authorities on a competitive basis, to a total of £5.5bn.

The fund aims to support councils that aim to revive their town centres and will include the creation of a new High Streets Taskforce. The fund will power investment in land assembly, support the conversion of commercial property into residential units and boost investment in physical infrastructure.

Helen Gordon, chief executive of Grainger, said: “The Future High Streets Fund is interesting in terms of delivering new homes and economic activity back to the town centre. In a post-Brexit Britain, it is essential we have good housing to maintain our attractiveness as a high-skill, high-wage economy.”

■ **Council Housing Revenue Account borrowing cap lifted**

Hammond’s speech confirmed the release of the debt cap to facilitate the delivery of an additional 10,000 homes per year.

■ **£653m for partnerships with housing associations**

Nine housing associations will benefit from the Homes England fund between 2021-22, with the goal being to deliver more than 13,000 homes.

Paul Hackett, chair of the G15 group of the country’s largest housing associations, said: “The skills and resources that have been dedicated to Homes England since its creation in January are impressive and the strategic partnerships announced today are another important step for housing delivery.

“As housing associations, we’ll continue to make the case for more long-term funding for affordable homes. We require about three times the current annual rate of grant funding to deliver the homes we need.”

■ **Private residential and capital gains tax**

Hammond says that he wants to keep private homes out of capital gains tax, but also that in some cases this shelter is being abused. He will change the rules with regard to lettings: from April 2020 the government will limit letting relief, making it available only to those who are in a shared occupancy with a tenant. The final period exemption will be reduced from 18 months to nine months.

■ Land value uplift

Hammond announced a simpler system of developer contributions to provide certainty for developers and local authorities. The reform aims to help local areas capture a greater share of uplift in land values for infrastructure and affordable housing through reforms to the community infrastructure levy and Section 106 processes. It will introduce a strategic infrastructure tariff for combined authorities and joint planning committees with strategic planning powers.

Dean Clifford, co-founder of Great Marlborough Estates, said: “Developers and land owners are already significantly taxed through CIL and S106 Agreements and numerous other contributions. Yet another tax at a time when we should be promoting development is short sighted and adds another layer to an already complicated planning system.”

■ Other announcements

Hammond announced that £291m from the **Housing Infrastructure Fund** would be used for improvements to London’s Docklands Light Railway, in an effort to facilitate the provision of 18,000 homes in east London.

A further £75m from the **Home Building Fund** is to go to St Modwen to fund infrastructure.

There will be £8.5m to enable **discounts for local buyers** in up to 500 parishes and communities. Some £10m will go to aid local authorities with strategic housing deals in areas of high demand.

■ Future consultations

Final recommendations from **the Letwin Review** build on initial findings from June. Sir Oliver Letwin concluded that there was no evidence that speculative land banking was a driver of slow build-out rates, or that it was a part of housebuilders' business models. The government will respond to the review by February 2019.

A consultation has launched on **new permitted development rights** allowing upwards extensions above commercial and residential property and demolition of commercial space for homebuilding. To further support shared ownership, the government has requested a call for evidence, inviting proposals from investors to collaborate on new shared ownership homes.

The anticipated **overseas buyer tax plans** featured only in the Budget documents. The chancellor has pledged to publish a consultation on a SDLT surcharge of 1% in January 2019, applicable to non-residents buying property in England and Northern Ireland. Ashley Osborne, head of residential at Colliers International, said: "Introducing a 1% surcharge for overseas buyers will only put further pressure on housing supply, as foreign demand enables many developers to build more homes. The government continues to push the false belief that foreigners are buying up homes in the capital in droves and leaving them empty, despite the fact there is almost no evidence to suggest this is the case.

"Rather than addressing the housing market's real problem, namely a fundamental lack of supply, this new tax, if introduced, will only create a smoke-and-mirror effect that detracts from the real housing crisis."