

Budget 2020 reaction: Affordable housing pledge welcomed, but commentators sceptical about stamp duty increase

 theplanner.co.uk/news/budget-2020-reaction-affordable-housing-pledge-welcomed-but-commentators-

The measure - intended to control house price inflation and "support UK residents to get onto and move up the housing ladder" - has split opinion, with commentators erring towards scepticism about its value.

These range from David Smithen, partner at UK law firm TLT's comment that "only time will tell how it actually affects the market" to Dean Clifford, co-founder of Great Marlborough Estates' "while there has been a lot of criticism of 'off-plan' sales to overseas investors the fact is they provide a crucial source of development finance".

What of the Budget's other housing promises? The Planner has rounded up comment on most of the Chancellor's other pledges. To recap, Sunak promised £12.2 billion for affordable housing, £1 billion to remove unsafe cladding, £10.9 billion to meet housebuilding targets, and support for social housing, zero-carbon building and housing infrastructure, as well as an increase in Stamp Duty Land Tax for overseas buyers.

Here's what the industry has to say:

Affordable housing

Councillor David Renard, Local Government Association's housing spokesman:

"Greater investment in the Affordable Homes Programme is a positive step, but with more than a million households on council waiting lists, and over 86,000 households in temporary accommodation, it is vital the programme is re-focused towards building homes for social rent."

Nigel Hewitson, senior planning solicitor at Gowling WLG: "Any investment in affordable homes is to be welcomed. But, while the financial figures appear impressive on the surface, when you drill down and work out how many new homes they would pay for (over several years) it becomes clear the funding announced will barely make a dent in the acknowledged shortfall of homes in the UK. There will remain a significant gap that will need to be plugged if the ambitious targets previously set are to be met. It will be interesting to see how the government plans to address this in the months ahead."

Dave Sheridan, executive chairman at ilke Homes: "The Chancellor's multi-billion pound boost for the Affordable Homes Programme is a timely, positive intervention that will benefit the whole market."

"However we cannot continue to rely on traditional methods of delivery if we are to build the quality homes that Britain deserves at speed and scale and the government needs to work with the industry to encourage uptake of modern methods of construction. Affordable housing providers such as housing associations and local authorities are uniquely placed to benefit from off-site manufacturing."

Meeting housebuilding targets

Richard Hyams, founder of astudio: "The concerted effort to tackle the UK's housing crisis is commendable, though the fact that one third of local authorities failed to meet their housebuilding targets last year is a clear demonstration that more needs to be done. If we are going to realistically address the long-term challenges posed by the crisis, we need to see not only greater budgetary support, but also a cross-party initiative which goes above the election cycle and fosters greater partnerships with those both in the public and private sector."

Building Safety Fund

Mary-Anne Bowring, author of leaseholdersupport.co.uk and group managing director of Ringley: "More than 1,000 days since Grenfell, the government has shown that it is still not ready to act at the scale needed for the cladding crisis. We cannot simply wait for the next crisis to happen, while millions of people are left unsure over the safety of their building."

"There needs to be an acceptance of the scale of the problem and today's sums just simply are not enough. The crisis goes far beyond removing Grenfell-style cladding. Even leaseholders who have had their cladding found safe are still unable to remortgage or sell their properties due to the challenges of getting a signed EWS1 form."

Melanie Leech, chief executive of the British Property Federation: "A dedicated fund is much-needed support, though it will probably need further funding in future years if it is to meet the scale of interventions required. It is clear that the wider issue of building safety will take years to resolve and require a collaborative approach between all parties affected. How Government therefore plans its long-term policy approach on this issue is very important, with funding going hand-in-hand with what is in scope."

Lord Porter, the Local Government Association's building safety spokesman:

"Innocent leaseholders and owners cannot be expected to foot the cost of replacing dangerous cladding on their buildings and we have been calling for government action on this for more than two years. More work is needed to address other aspects of building fire safety, but this is a positive step."

Support for social housing and rough sleeping

Polly Neate, chief executive of Shelter: "Today was an important first step, but it's not job done. To see housing in the government's infrastructure revolution and the biggest cash injection in a decade is good news. The big question is how much of this money will be put into the social homes we desperately need to end the housing emergency, and transform the lives of millions.

"Extra investment in rough sleeping services is also very welcome, but homelessness is more than rough sleeping alone. 280,000 people are homeless in England including 126,000 children. Building social homes is the only solution and voices right across the political spectrum agree."

Housing Infrastructure Fund

Melanie Leech, chief executive, BPF: "Communities wherever they are should expect housing development to be supported with excellent infrastructure. The new allocations of the Housing Infrastructure Fund are therefore welcome and we are pleased to see those spread around the country. It is particularly important that we recognise different land values across the country and support the provision of infrastructure where land value may not support planning contributions."

Stamp Duty Land Tax increase for overseas buyers

David Smithen, partner at UK law firm TLT: "The two per cent SDLT surcharge on property acquisitions by non-UK residents will have an initial appeal to the electorate, especially as it comes alongside a cut in UK interest rates which will act as a further encouragement for UK residents contemplating a property purchase and could support the residential market in the long-run. With an average asking price of £306,810, nearly 65,000 UK properties were marketed over the last month. Therefore, the positive SDLT message should meet a receptive audience, but only time will tell how it actually affects the market."

Dean Clifford, co-founder of Great Marlborough Estates: "The Boris bounce could easily turn into a belly flop by damaging policies such as extra stamp duty for foreign buyers, and it is London will end up worst affected.

"The capital has the most globalised housing market of any UK city and while there has been a lot of criticism of 'off-plan' sales to overseas investors the fact is they provide a crucial source of development finance. London already contributes the lion's share of stamp duty revenue too.

"Talk of 'Lights Off London' being created by foreign buyers snapping up homes and leaving them empty is largely a myth. London has one of the lowest rates of empty properties of any UK city. Vacant homes are far more common in deprived post-industrial areas, where people don't want to live as there are no decent jobs available.

"If Boris wants to power up the regions, we need to see serious investment into infrastructure and education to boost productivity and skills, not punitive taxes that will damage the UK's most economically successful city."

Mary-Anne Bowring, group managing director at residential property consultancy

Ringley: "The falling pound has made housing more affordable to overseas buyers, while domestic buyers have had to contend with stagnant wage growth and ultra-low interest rates pushing up prices and eating away at their ability to save. An increase in stamp duty for overseas buyers will simply put things back to where they were before the Brexit vote and level the playing field for domestic buyers."

Melanie Leech, chief executive, BPF: "The new Stamp Duty Land Tax surcharge for foreign buyers must not make it more expensive for responsible, long-term investors to invest in and develop more much-needed homes around the UK."

Photo | iStock