

HOUSING IMPLICATIONS OF THE AUTUMN STATEMENT

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Summary and Recommendation:

Members are asked to note this report, which outlines the main housing implications (only) of the Chancellor of the Exchequer's statement of 5 December 2012.

1. INTRODUCTION

- 1.1 Known as "the autumn statement" it is an announcement from the Chancellor to present his latest plans for the UK economy based on 5-year forecasts for the economy and public finances which are independently produced by the Office for Budget Responsibility. It is second in importance to the annual Budget.
- 1.2 The Chancellor has no shortage of advice from lobbyists, including the housing and construction sectors.

2 THE CHARTERED INSITUTE OF HOUSING (CIH)

- 2.1 The CIH urged the following:
- increase income disregards in Universal Credit and link payments to inflation;
 - clarify the £10 billion guarantee scheme for housing announced in September 2012;
 - raise the debt caps for stock-retaining local authorities following reform of the housing revenue account subsidy system;
 - review social housing rents after 2015;
 - adapt existing funding schemes to enable empty commercial buildings to be converted into homes for homeless people.

3 NATIONAL HOUSING FEDERATION (NHF)

- 3.1 The NHF proposed;
- accelerate the release of public land by an open competition for housebuilding on small sites;
 - extend the current rent setting formula for social housing until 2020;
 - reduce VAT on works to renovate social housing to 5%;
 - raise the debt caps for stock owning local authorities (same as CIH);

- ensure welfare benefits keep pace with inflation;
- preserve rent costs for under 25s in Universal Credit and take a “common sense” approach to direct payments for landlords.

4 HOME BUILDERS FEDERATION

- 4.1 Home builders urged the Chancellor to:
- channel money from the “funding for lending” scheme into housebuilding;
 - expand the definition of affordable housing (in government planning guidance) to include homes for discounted market sale, shared equity and private rent;
 - review and simplify the planning process;
 - expand the Get Britain Building programme to include mothballed sites;
 - a moratorium on any new policies that increase housebuilding costs.

5 THE AUTUMN STATEMENT

- 5.1 Most working age welfare benefits will rise by 1% for each of the next 3 years.
- 5.2 There was no mention of withdrawing housing benefit or housing costs from Universal Credit for people under 25.
- 5.3 Local Housing Allowance rates increases to be capped at 1% for two years beginning in April 2014.
- 5.4 Funding to assist the building of 120,000 new homes (but the CIH referred to £225M to support 50,000 homes).
- 5.5 More funding for the Regional Growth Fund and Local Enterprise Partnerships.
- 5.6 No new tax on property value.