

Budget 2017

Introduction

Aside from the Chancellor's announcement on plans to build 300,000 new homes a year, and stamp duty relief for first time buyers, this was a Budget that failed to deliver a significant shake up of the housing market and planning system to help tackle the housing crisis. Whilst heavy on well-established party lines, it missed opportunities to break new ground.

1 Housing

Funding was announced to support SME house builders; unlock the delivery of 40,000 new homes on stalled sites; provide infrastructure to support housing; regenerate estates; bring forward strategic sites including new settlements and urban regeneration schemes; and develop skills in the construction industry. The Homes and Communities Agency will become "Homes England" with an expanded remit to facilitate delivery of new homes. A consultation was announced on a new policy for planning permission to be granted for first time buyer led developments that are outside of development plans.

2 Planning

Despite reports circulating in the run up to the Budget that the Chancellor was looking at reclassifying parts of the Green Belt, he reiterated the Government's commitment to, "*Making best use of our urban land, and continuing the strong protection of our green belt.*" As set out in February's White Paper, and proposed changes to national policy, the focus on providing the new homes that are needed will be through high-density development in city centres and around transport hubs.

3 Land banking

The Chancellor announced a review that will be chaired by Oliver Letwin (MP for West Dorset) to look at the gap between permissions and housing starts. An interim report will be delivered ahead of next year's Spring Statement. Notwithstanding the outcomes of the review, direct intervention through compulsory purchase could be utilised.

4 Regions and infrastructure

The Budget placed the regions firmly at the heart of the Government's modern industrial strategy (a White Paper on this will be published shortly), with funding support for a series of initiatives across the country, including access to a £1.7 billion Transforming Cities Fund, to help delivery on local transport priorities.

5 Environment

Whilst incentives to support the North Sea oil and gas industry will present the UK with challenges in meeting its carbon budgets, there were measures to improve air quality through increases to VED on diesel vehicles, and funding for electric car infrastructure.

Commentary

No doubt with one eye on reconnecting with younger generations of voters after the swing in the last general election, the Government has put home ownership for first time buyers firmly back at the forefront of the agenda for tackling the housing crisis. Measures to unlock capacity in other parts of the market were notably absent. There was also little support to help grow the build to rent sector. There are also questions on the extent of additional funding for affordable housing and the implications for housing associations following their reclassification to the private sector. The proposals in the upcoming CIL consultation reveal the challenges facing reform of this complex system. The Budget has identified upcoming consultations but is unlikely to have a significant bearing on the direction of a revised National Planning Policy Framework in Spring 2018.



Further information

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Terence O'Rourke works with a range of clients in the housing sector, from SMEs and land promoters, to national house builders, and is well placed to help unlock the residential development potential of sites at all scales.

