



WHAT YOU NEED TO KNOW ABOUT THE AUTUMN STATEMENT 2013

On Thursday 5 December the Chancellor presented his autumn statement giving an update on his future spending plans. Prior to the statement CIH submitted a four point submission calling on the government to:

- Look at new ways of improving standards in the private rented sector by targeting tax allowances, so that landlords who commit to higher standards benefit from an enhanced allowance
- Increase local authority borrowing caps by £7bn to allow councils to build 75,000 new homes over five years
- Increase funding for discretionary housing payments (DHPs) – the money councils are able to give out to mitigate the worst impacts of welfare reform - to £250m for 2014/15 and 2015/16
- Encourage local enterprise partnerships (LEPs) to plan for housing growth.

This ‘what you need to know’ briefing sets out how the Chancellor has addressed the points in our submission, and the other key measures announced today in relation to housing and welfare.

In relation to the points in our submission

The Chancellor:

- Announced that local authority borrowing caps will be increased by £150m in 2015/16 and a further £150m in 2016/17. The government intend that this will support the development of 10,000 new affordable homes. This additional borrowing capacity will form part of the local growth fund, allowing local authorities who have an agreement with their LEP to bid for it. Bids will be prioritised on the basis of value for money and, to minimise the amount of funding needed, the government will expect bidders to contribute public sector land and to sell high-value vacant stock
- Increased funding for DHPs by £40m to £160m in 2014/15 and 2015/16
- Recognised the role of LEPs in enabling the development of new homes, through the changes to local authority borrowing caps and plans to unlock stalled development sites (see below).

Other key measures for housing and welfare

The Chancellor also announced:

- That there will be a £1bn, 6-year programme to unlock new large housing sites. The programme will begin in 2014-15, on 9 specific sites, capable of unlocking around 27,000 houses. £50 million of this will be earmarked for LEP supported bids
- That there will be a consultation on options to introduce a ‘right to move’ for tenants who need to move for reasons of employment
- That the government will introduce Right to Buy Agents to help households complete the purchase of their council home and provide £100m to improve applicants’ access to mortgage finance



- That the government will explore options for kick starting the regeneration of some of the worst housing estates through repayable loans
- A range of measures aimed at removing barriers to the building of new homes in the planning system. This includes a consultation on potential changes to the New Homes Bonus, which would introduce mechanisms to withhold payments where planning applications are only approved on appeal
- Further details of the cap on overall welfare spending, previously announced in the June 2013 spending round and due to take effect from April 2014. The Chancellor will set the level of the cap at the beginning of each parliament and if it is breached there will be a discussion and a vote in the House of Commons. Both the state pension and job seekers allowance (JSA) will both be excluded
- That the government will pilot a new scheme for young benefit claimants. The scheme will make training mandatory for all 18 to 21 year olds without level 2 qualifications in English and maths who are receiving JSA. After 6 months, claimants will be expected to participate in a work experience placement, a traineeship or community work placement
- That from April 2015 non-residents disposing of UK residential property will be liable to pay capital gains tax.

Initial CIH response

We are pleased that the Chancellor has acknowledged the principle that councils should be allowed to borrow more so they can build more homes, which CIH has been calling for. But the steps announced today are far too modest and there is a risk that any gains could be offset by the requirement to sell high-value social housing and the expansion of Right to Buy. The finer details will be crucial – it is critical that the overall package results in a net increase in housing investment and new homes.

As George Osborne acknowledged in his speech, we need to build more homes – we are in the grip of a housing crisis, with millions of people being denied access to a decent home at a price they can afford. Increasing local authority borrowing caps by £7 billion, rather than £300 million, would allow councils to build 75,000 new homes over five years, creating 23,500 jobs and creating £5.6 billion of economic activity. Local authorities already have powers to sell off council housing and it is unclear whether selling off valuable homes is always the best way of doing business – councils may also want to borrow against the value of these properties so they can fund more homes.

We welcome the news that £1bn will be allocated to unlock large housing developments – any measure aimed at speeding up the delivery of new homes is welcome but as always the detail will be crucial.

Giving social housing tenants who are working priority to move if they need to for work will go some way to improving labour market mobility, but given the shortage of affordable homes landlords will still face difficult decisions trying to meet the needs of local people who are in significant housing need.

Finally, we are pleased that the government has listened to our call to increase its budget for DHPs in 2014/15 and 2015/16 to support people who are suffering the worst impacts of welfare reform. However, we would have liked to see it being increased even further to £250 million.