



Chartered
Institute of
Housing

WHAT YOU NEED TO KNOW ABOUT THE BUDGET 2017



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On Wednesday 22nd November the chancellor delivered his budget, outlining the current economic situation and measures intended to increase business activity. This briefing for CIH members outlines the measures that will impact housing and provides some initial analysis.

In our [budget submission](#) we called on HM Treasury to:

- Carry out a strategic reassessment of housing market interventions with robust objectives, targets and monitoring arrangements, providing clearer long-term policies and investment plans
- Develop a strategy that prioritises housing delivery directly, rather than one aimed at stimulating housing demand
- Implement a strategy that focuses intervention strongly on the delivery of affordable housing
- Develop a strategy that drives forward ongoing improvement of existing homes
- Ensure better coordination between housing investment and welfare spending

KEY MEASURES FOR HOUSING AND WELFARE

The chancellor's statement included the following for housing:

- Delivering net supply of homes to around 300,000 a year by the mid 2020s
- Investing £44 billion of capital funding, loans and guarantees to support the housing market which includes:
 - » An extra £2.7bn for the Housing Infrastructure Fund
 - » £400m in estate regeneration
 - » £1.1bn on unlocking strategic sites
- Changes to the planning system, further consultation around developer contributions and a review of the gap between planning permissions and homes started which will report before the Spring Statement

- Consultation on an expectation that councils in high demand areas allow more homes for first time buyers and affordable homes to be built on sites outside their existing Local Plan
- Lifting HRA borrowing caps in areas where demand and prices are high - local authorities can bid for increases in their cap from 2019-20
- A consultation on the barriers to providing longer tenancies in private rented sector
- Expanding the Homes and Communities Agency which will become Homes England with a remit of ensuring sufficient new homes are provided and an improvement in affordability
- Five new garden towns to be built and an extra 1 million homes in the Oxford - Milton Keynes- Cambridge corridor by 2050, with the additional road and rail infrastructure needed to support this
- Stamp duty abolished for all first time buyer purchases up to £300,000. For first time buyers purchasing a property up to £500,000, stamp duty will be payable on the difference
- Allow local authorities to impose a 100% additional council tax premium on empty homes
- The voluntary right to buy pilot in the West Midlands is to go ahead



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HOMELESSNESS REDUCTION MEASURES

- Set up a taskforce to halve rough sleeping by 2022 and eliminate it totally by 2027
- Invest £28million to set up housing first pilots in Manchester, Liverpool and West Midlands
- Provide £20 million to support people at risk of homelessness to obtain tenancies in the private rented sector

GRENPELL TOWER FIRE

- £28 million for Kensington & Chelsea Council to support local mental health services, regeneration support for the surrounding area and to provide a new community space.

MEASURES FOR WELFARE INCLUDE:

- Removing the seven day waiting period for universal credit
- Changing the advances system to allow claimants to apply for up to a month's payment within five days of applying
- The repayment period for advances will be extended to 12 months
- Any new universal credit claimants in receipt of housing benefit will continue to receive it for two weeks. This will help those on existing benefits who have a change of circumstances leading to a move to universal credit
- An increase in targeted affordability funding of £125m over the next two years to help people on low incomes in areas where private sector rents are rising fastest.

OTHER MEASURES OF INTEREST

- The £44billion allocated to housing will include funding to improve construction skills



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INITIAL CIH RESPONSE

The renewed commitment to tackle the nation's housing crisis in today's budget represents significant progress and we particularly welcome the government's ambitious new target to deliver 300,000 new homes a year. Of course the important thing is that we are building the right homes in the right places and that people can afford them. We have to make sure that any new funding supports the building of new homes that meet the varied needs of individuals and families across the UK. For many people social rents, which are much cheaper than private rents, remain the only truly affordable option and more must be done to support this crucial form of housing.

We have long argued that if we are going to build the homes we need councils will have to play a major part and we welcome measures to support this. The government has made a series of announcements in recent months which lay the foundation for housing associations to commit to developing many more new homes and we must do the same for councils. Relaxing borrowing caps for councils in high demand areas is very positive - we hope to see the government build on this move so that we see a return to the levels of council house building we need

We know that universal credit is causing significant hardship and that the lengthy waiting time for the first payment is a significant problem. Today's measures to help people suffering as a result of the delays are welcome. We hope to see further progress on some of the other issues affecting universal credit claimants, including administrative delays and lack of information. CIH wrote to the Department for Work and Pensions to express our concerns back in July and in particular we are urging the government to slow the roll-out down so that it can make sure it gets this vital reform right

Our research has shown that local housing allowance is completely out of step with rents in many areas of the country - especially for younger people. We welcome the extra funding to help support people in areas worst affected by that gap. However we still think the government should go further and unfreeze local housing allowance rates. The ending of a private tenancy is the leading cause of homelessness in England and we look forward to contributing to the consultation on longer-term tenancies which could give much-needed stability to renters.

