



Chartered
Institute of
Housing

What you need to know about the Budget 2018



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On Monday 29 October the Chancellor delivered his annual Budget. This briefing for CIH members provides a brief summary of the most significant announcements relating to housing and welfare and our initial response to them.

In [our submission](#) to the Treasury ahead of the Budget we called on government to consider a package of measures intended to:

- increase the supply of new homes that are genuinely affordable
- enable local authorities to build more homes
- invest in better standards in existing homes
- increase tenant and resident involvement
- improve standards in the private rented sector
- provide effective help with housing costs for people on low incomes
- prevent and tackle homelessness and rough sleeping, through increased supply and adequate help with housing costs.

Main measures affecting housing and welfare

The Chancellor announced a number of improvements to universal credit, including:

- a £1,000 increase in the 'work allowance' (the amount that a household is allowed to earn before their universal credit award begins to be reduced to take account of their other income) for families with children and people with disabilities. The government estimates that this will make 2.4 million households £630 a year better off, however there is still no work allowance for other types of household
- that from July 2020 claimants who migrate across to universal credit will receive a two-week 'run on' of jobseeker's allowance, employment and support allowance and income support. In practice this means that claimants will receive one more payment of these benefits, providing an extra fortnight's worth of support, after they have made their claim for universal credit. This is similar to arrangements that are already in place for housing benefit
- further changes to the advanced payments system (which allows new claimants to take an upfront payment when they make their claim. Advanced payments are repaid through regular deductions from future universal credit payments) to make repayments more affordable. These will now be repaid over 16, rather than 12 months, and the maximum deduction will be reduced from 40 per cent of the claimant's standard allowance to 30 per cent
- allowing more self employed claimants a 12 month grace period before a 'minimum income floor' is applied to their claim. The minimum income floor assumes that all self employed claimants earn at least a minimum amount per year for the purposes of their claim. In practice, it can mean that self employed claimants who are low earners lose out.





The Chancellor also announced a number of changes relating to housing in England, including:

- confirmation that local authority borrowing caps will be abolished immediately in England, and as soon as possible in Wales. Government estimates that the measure will lead to 10,000 new homes per year in England
- that the Help to Buy equity loan scheme will be extended for a further two years to 2023. However from April 2021 it will only be available to first time buyers and will not be available on homes worth more than 1.5 times the regional average
- that the current exemption from stamp duty for first time buyers on properties worth less than £300,000 will be extended to shared ownership
- some additional investment in new homes, including an additional £500 million for the Housing Infrastructure Fund, taking the total to £5.5 billion, and £1 billion guarantee scheme to support SME housebuilders who need to borrow to build
- a separate consultation on changes to the planning system. This proposes creating new 'permitted development rights' to make it easier to extend buildings, such as blocks of flats, upwards and to demolish commercial buildings and replace them with homes
- expanded investment in Disabled Facilities Grants to £65m in 2018/19.

To coincide with the Budget, the government has also published an [Independent Review of Build Out Rates](#) (the Letwin Review). This concluded that the lack of variety in the types and tenures of homes being built on particular sites is preventing homes from being built more quickly. It contains a series of recommendations, which the government will respond to in the new year.

Initial CIH response

There are some welcome elements in the budget announcement including both the £1.7 billion to increase work allowances under universal credit and the package of measures announced to help existing claimants with the transition to universal credit. CIH has previously argued for these kind of changes so it is pleasing to see the government adopt them. It is vital to get this right to make sure that people don't live in fear of homelessness because they can't afford to meet their housing costs.

However it was disappointing not to see any movement on the length of time people have to wait before receiving a universal credit payment, which we know is causing great hardship to many people, or any willingness to remove the local housing allowance freeze which we know is making it very hard for people to find or keep an affordable place to call home. Our views on universal credit, and the further changes that are still needed, are set out in more detail in this [opinion piece for the Huffington Post](#).

The extension of strategic partnerships between Homes England and nine housing associations is welcome confirmation that government is adopting a strategic approach to meeting national housing need. These kind of partnerships provide the longer term certainly needed to plan for building new homes at scale.

