# NEWSLETTER: NOVEMBER 2017

# Autumn Budget Wrap Up


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The Chancellor presented the Autumn Budget earlier today with some announcements impacting the property and housing markets. Rapleys wraps up the key points below.

## Planning

In the run-up to the budget, increasing house building was extensively promoted by the Government, and it has set itself the very ambitious task of increasing housing delivery to levels not seen since the 1970s. In the event, much of the focus was on a promise of £15bn of support for house building across a number of measures including loans to SMEs, loans and grants to local authorities and financial guarantees to support private sector house building.

However, proposals for reform to the planning system were somewhat thin on the ground, and prefaced by a commitment to "strongly protect" the Green Belt, focusing on development in city centres and around transport hubs (fundamental planning principles for decades). The proposals themselves were restricted largely to the announcement of a number of consultations, including:

- De-allocating land where "there is no prospect of a planning application being made"
- Imposing minimum densities in city centres and around transport hubs
- A consultation on reform to the developer contributions towards affordable housing and local infrastructure (ie CIL and s.106 agreements).

Also announced was an independent review, to be chaired by Oliver Letwin MP, into whether developers are holding back sites with planning permission for commercial purposes (a.k.a. land banking).

In fairness to the Chancellor, he started the part of his speech dedicated to housing echoing Sajid Javid's comments earlier in the year that there was no "magic bullet" to solve the housing crisis. Even so, in terms of the planning system, as Mr Hammond closes his red box there seems to be little in the way of any new ammunition on offer. As ever though, time will tell, and we will be keeping a close eye on the Government's initiatives as they develop to ascertain whether they evolve into anything more concrete.

**Jason Lowes** | 07899963524

## Housing

According to the Chancellor, the biggest challenge facing the current housing market is the lack of supply. Simply, not enough homes have been built in recent times which has exacerbated affordability especially for first time buyers.

Continued >

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The Chancellor has pledged £44 billion to support the housing market and increase supply over the next five years, including a further £2.7bn for the Housing Infrastructure Fund and £8bn to support private house builders and the PRS sector. In order to alleviate the affordability issue, there will be an increase of £125m over the next two years for targeted affordability funding, which will aim to support those in rented homes. It was also confirmed that further details will be provided by the Communities Secretary in due course regarding plans to assist affordable renters in areas with high demand.

The Chancellor concluded with the headline announcement that stamp duty will be abolished for four out of five first time buyers. It had been expected that the tax would be targeted in the autumn statement and it is hoped that this change will remove a barrier for those aspiring to join the property ladder.

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## Business Rates

Business Rates will be impacted in four key ways following the Chancellor's speech:

- We will see the rate in the pound increase from 46.6p for 2017/2018 to 47.9p for 2018/2019, rather than the anticipated 48.4p. This is only a 1% reduction and so whilst not huge, it will prove beneficial to all rate payers.
- The Chancellor will change the law to affect the Supreme Court decision that brought in the "staircase tax" which will provide some relief to affected ratepayers. This Court decision meant that thousands of rating single assessments were split into individual assessments for every separate floor a ratepayer occupies with every car parking space being separated out as well. It often resulted in increased rate bills but also a lot of administrative issues.

  Until the actual amendment to the legislation is published we don't know exactly what is going to happen here but the implication from the speech is that ratepayers can chose to stay with separate assessments, which might happen in some cases, for instance where the split has brought the individual assessments below RV£51,000 and so they don't have to pay the 1.3p in the pound Small Business Rate Supplement. This will no doubt take some time to sort as it requires a change in the law to overturn the Supreme Court Decision.
- From 1st April 2017, Public Houses with an RV below £100,000 received a £1,000 reduction in their rate bills but this was only for a single year. This has now been extended to March 2019 which brings it in line, time wise, with the newspaper relief.
- The Chancellor also announced that revaluations will run every three years after the current 2017 list expires in 2022. This means the next one after that will be in 2025 and the hope is that changes in levels of value will be dealt with quicker than in the current 5 year pattern.

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## Business Space

The continued focus of the Autumn Budget on the development of housing indicates that the trend of existing office and industrial floorspace and land supply being lost to residential use is set to continue. The consequence will be growth in office and industrial land prices and a strong growth in rents. Businesses looking to grow and expand will also find it more difficult to source new land and premises. This will be particularly evident in London and the South East where there is the greatest political will and push to provide more housing - almost inevitably on brown-field land that has mostly been in employment use.

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## Automotive & Roadside

The announced £400m charging infrastructure fund is likely to boost the number of electric vehicle charging points in the UK which will be welcomed as the electric vehicle market gathers pace towards the conversion of all new cars to electric in 2040.

A pledge for further research is also promising for the sector as it may help to reduce charging times, one of the main issues facing forecourts and the take-up of electric vehicles at this point.

**Mark Frostick** | 07785 522958

## Retail

With wages falling in real terms, the average household will see little respite from the Budget despite the living wage hourly rate being increased. Inflation has risen from 0.5% in June 2016 to 3% in October. Wage growth has failed to keep pace despite current low unemployment. We believe there will be continued growth in the discount retail sector, both food & non food, for new outlets as a result with demand being fuelled by families looking to drive better value from their weekly income.

Given the rise in the closure of Public Houses, the smaller independent pubs will have some on-going relief in the rates benefit (as mentioned in our Business Rates summary), for those with a rateable value up to £100,000, the discount will be extended until March 2019.

**Russell Smith | 07990 550460**

**Please contact a member of the team if you would like more information on the Autumn Budget and the impact it may have on your property or portfolio.**