



Attempts to stimulate the housing market

The Chancellor of Exchequer used the budget to introduce some new measures to attempt to stimulate the housing market. For instance, those who wish to purchase a new build home up to a value of £600,000 can borrow up to 20% of the value of the property interest-free for five years, in return for the Government taking a stake in the equity. There is also a major extension of the Build to Rent Fund, first announced last year in the Autumn Statement which has now been expanded to £1 billion.

The [“Help to Buy”](#) scheme, announced by George Osborne on March 20 2013, is a new mortgage guarantee scheme, designed to increase the appetite of mortgage lenders for high loan to value lending to creditworthy customers. This scheme provides lenders the option to purchase a government guarantee, which will compensate them for a proportion of their losses, in the event of foreclosure. It includes both new build and existing homes. A commercial fee for the provision of this guarantee will be charged by the Government.

An outline model has been developed for this scheme. The parameters include the following terms.

1. It will apply only to residential mortgages for individuals and not buy to let.
2. The loan to value ratio is between 80% and 95%.
3. It applies only to repayment mortgages and not interest only ones.
4. Lenders have to take a five per cent loss over the 80% threshold.
5. The guarantee is valid for up to seven years after the origination of the mortgage.

Critics of the scheme focus on the fact that the help to buy initiative may just push up prices, rather than encourage housebuilders to start building new homes.

Infrastructure delivery update

The [infrastructure delivery update](#) which was published at the same time as the budget restates the Government’s commitment to using the UK Guarantees Scheme to back infrastructure projects.

Plans are also outlined to reform the process of infrastructure delivery by establishing a commitment to produce new Infrastructure Capacity Plans for key Government departments. These plans are to be in place by the summer of 2013.

In an effort to streamline planning and regulations, to reduce delays in bringing forward infrastructure projects, there are also plans to launch a second phase of the Red Tape Challenge. It was noted that the Ministry of Justice has also consulted on shortening the time limits for bringing a planning judicial review. Plans will be set out in relation to this in the spring of 2013.

Government accepts Heseltine recommendations

The Government has indicated that it is accepting in full or in part, 81 of Lord Heseltine's 89 recommendations outlined in his report [No Stone Unturned](#), which sets out his ideas on how Government policy can affect economic growth through a massive programme of decentralisation.

Among the key proposals put forward is a move away from the centralisation of power in Whitehall towards a much more localised approach focussed on the business-led Local Enterprise Partnerships (LEPs). To promote this, there will be a Single Local Growth Fund from which funds will be allocated to LEPs through a process of negotiation. Individual LEPs will also be asked to develop new strategic multi-year plans for local growth.

The appointment of senior Whitehall sponsors who will act as liaisons with each LEP is also suggested, along with the creation of Local Growth Teams to enhance cross-departmental working. The Government has also pledged to support local authorities who wish to combine or to implement other forms of collaboration including the establishment of new mayors for conurbations.

While many of the measures discussed in the Government response to the Heseltine review are medium to long term, three recommendations will be addressed in the next spending round due in June 2013.

New collaborative local government model

On 15 March 2013 several local authorities in the North-East announced that they were coming together as a combined authority. The intention is that Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland councils will work together through a governance model tailored to the issues, challenges and opportunities that are particular to the North East, but enshrined within the national legal framework.

Initially, the authorities will combine around economic growth, with transport and skills as areas of immediate priority. Working with the North East Local Enterprise Partnership, this statutory body will lead a shared vision for economic growth. In a

direct response to the Heseltine Review, it will lead the prioritisation and management of resources devolved from central government to the North East.

The impact of the New Homes Bonus

A [report](#) published on 27 March 2013 by the National Audit Office found that to date £1.3 billion had been paid to local authorities through the New Homes Bonus in the period 2011-12 to 2013-14. Some 160,400 homes were added to the council tax base between October 2011 and October 2012, triggering payment of the bonus. However, the overall conclusion of the report was that there was little evidence that the Bonus has yet made significant changes to local authority behaviour in respect to increasing housing supply.

Although it is acknowledged that most of the money paid in the first three years relates to growth activities and planning approvals which pre-date the introduction of the Bonus in April 2011, nonetheless there was little evidence that the Bonus has resulted in increased planning approvals for housing.

In this report the number of new homes built in 2012 was estimated to be 115,600, far short of the 232,000 additional households required annually by 2033.

New nuclear station commissioned

Planning consent was given in March 2013 for construction of the first new nuclear power station in the UK since 1995. The planned multi-billion pound project at Hinkley Point, Somerset, which will be operated by NNB Generation, will generate enough low carbon electricity to power the equivalent of five million households, making it one of the largest power stations in the UK.

Two new reactors will be built, supporting between 20,000 and 25,000 jobs during construction and 900 permanent jobs during operation.

Neighbourhood planning is moving forward

A landmark in the drive towards localism was reached on 8 March 2013, when the first neighbourhood plan setting out a community's vision for its own area was approved by local vote.

People living and working in the Upper Eden valley area in Cumbria were the first in the country to take to the polls and vote on a neighbourhood plan produced by local people. The plan was approved by 90% of voters and sought to address several local challenges by allowing, amongst other things, more affordable homes to be created by allowing more conversions and building on farms, and better broadband internet connections to be established.

On 14 March 2013, Communities Minister Don Foster announced a £9.5million, two year fund to support people who wished to create neighbourhood plans intended to shape development in their areas. Groups of residents seeking to create a neighbourhood plan will be able to bid for up to £7,000 each to contribute to the costs of preparing their proposal. This funding has been welcomed by the RTPI.

Neighbourhood plans allow communities a new right to choose where they want new development such as homes, shops and offices to be built. They can have their say on what those new buildings should look like and what facilities should be provided. They can also grant planning permission for the new buildings they want to see go ahead. Once a draft plan has been drawn up and consulted on locally it is submitted for an independent examination and once passed is submitted to a local referendum. Plans that are approved will form part of the development plan for the local authority area and will carry legal weight in planning decisions.

Neighbourhood CIL regulations

The new draft Community Infrastructure Amendment Regulations 2013 which were laid before Parliament in February 2013, provide that where a development which is chargeable to CIL is within a parish or community council which also has a neighbourhood plan, the charging authority must pass 25% of its CIL receipts to the parish council of that area. On the other hand, if there is no neighbourhood plan then the charging authority should remit only 15% of its CIL receipts. Should a situation develop where the money received is not used to “support development” within five years of receipt or if it has been used for other purposes, then these receipts have to be refunded in full or in part. DCLG has promised that there will be new guidance published in relation to these regulations.

New APPG inquiry

The All Party Parliamentary Group for Excellence in the Built Environment will begin taking oral evidence on April 15 2013 in relation to its forthcoming inquiry into sustainable construction and the green deal. The aim of the inquiry is to determine best practice, challenges and barriers to sustainability in the built environment.

Experts will present their evidence to the APPG Commission of Inquiry which is made up of members of both Houses of Parliament as well as senior members of the construction professions. The Commission will be chaired by Oliver Colville MP. Other members are: Peter Aldous MP, John Alker, Sir John Armitt CBE, Patrick Bellew, Peter Bonfield OBE, The Earl of Lytton (Vice-chair), Jack Pringle, Rt. Hon. Nick Raynsford MP (Vice-chair), Andrew Stunell MP and Lord Teverson.

The report of the APPG will be published in autumn 2013.