



Online link to article: <https://www.showhouse.co.uk/news/opinion-why-the-budget-was-bad-news-for-housebuilders/>




[HOME](#)
[SHOW HOUSE MAGAZINE](#)
[THOUGHTS & OPINIONS](#)
[COMPANY PROFILES](#)
[WHATHOUSE? AWARDS](#)
[NEWS](#)



## OPINION: Why the Budget was bad news for housebuilders

by Isla MacFarlane




Simon Cox, Managing Director and Founder of independent land agency, Walter Cooper, gives his thoughts on yesterday's Budget.

**The Residential Property Development Tax (RPDT):**


- "While the Government forges a sledgehammer to crack a very small nut, the plan could actually have the opposite of the desired outcome. Either they will drive down the prices they are willing to pay for land (so landowners may think twice about selling) or they will pass the hit on to home purchasers – the already hard-pressed first-time buyers. Alternatively, investors may simply vote with their feet, putting their funds into a different industry with a less regressive tax regime. Some housing associations and landlords are already being forced to cut development plans due to fire safety spend. Building safety costs mean one in 10 affordable homes will not be built, yet another blow to meeting our new homes targets.
- "What the cladding scandal has highlighted for me is that property management companies need to be better regulated, and that it's not just developers that should be faced with the cladding bill – it's every aspect of the property industry who has benefited from new schemes, from architects to offshore investors. It is appalling that management companies are still wondering if their building is safe for their residents – in any other scenario, this should render them in breach of contract and liable. There should be a national management company to oversee and regulate this industry, ensure contracts are competitive, and potentially create national sinking funds in preparation for large scale repairs.

**End of Help to Buy:**

- "Closing the door on help to buy will effect developers coffers undoubtedly, but couple this with tax hikes aimed at housebuilders and the very real fact that the flat market is, well, flat, means housebuilders – especially SMEs around the country – might have a tough year ahead and this may be the perfect storm to reduce the number of homes being built.



2021 WHATHOUSE? AWARDS




**The 2021 WhatHouse? Awards**

Don't miss out on attending the 2021 WhatHouse Awards? 2021

Book your table today for the What-House Awards? Luncheon at the Grosvenor House Hotel on Friday 19th November 2021

[Full Details](#)



#### Going Green:

- "The plan for clean heat is a great first step, but further direction is needed. Recent research (NHF) last week found that housing associations alone need at least £36billion to be able to carry out retrofitting plans so I am wondering how far £800m can really go. There are some 80million people in the country – let's say half are adults and half of those own a home. That means that the £5,000 grant for homeowners to install heat pumps would need to be multiplied by 20 million to get every home running more efficiently, which equates to roughly £100 billion. Has the government just committed to £100 billion? I don't think so.
- "The entire property industry feels the responsibility to build sustainability, and I'd hazard a guess that nine out of 10 buyers wants to buy green, however it's all cost prohibited. Currently, green homes are too expensive to build, and too expensive to buy. As technology and manufacturing in the green sector improves over the next decade, the scales may start to shift, but as it stands the numbers don't work. Retro-fitting green boilers is so much harder than adding in tech solutions on new builds as part of the build.
- "I would have liked to have seen Rishi address the decarbonisation of the housing industry further in his Budget. We could create a minimum standard for all new build schemes in which 50% of homes on a site need to be self-sustaining through renewables. It won't work on a small scale, but the big housebuilders who are creating developments of over 100 units can do this and set the bar for others to follow. And buyers will love this, avoiding massively fluctuating bills seen in the current gas shortage.
- "The green agenda is long term and needs a long term plan that neither penalises homeowners or discourages housebuilders from building the homes we still desperately need. Last time Rishi took a very short term view, and it seems like we're in for more of the same: with another election not too far away, the question is, how to stop the ship from sinking?

#### What was not said:

- "There are other immediate housing issues which Rishi failed to address. Material and labour shortages, primarily steel, continue to put the brakes on housebuilding. Housebuilding volumes fell in the three months to September, with larger drops expected in the last quarter. Even in 2019, housebuilding was still 20% below government targets. This compounds the issue of demand and supply, affecting house prices and larger economy. House-hunters have nowhere to go, and sales are falling.
- "More money must be spent on the planning system and its inspectorate, because we could easily build more houses a year if the whole planning system was easier and quicker to use. They are treating the symptom not the cause.
- "The elderly are holding our country to ransom. We saw this in the Amersham and Chesham bi-election with those in power putting votes above all else, halting any sign of positive planning reform in its tracks. The idol-worship of the Green Belt has to go!

#### Brownfield Fund:

- "It's great to see the Chancellor reconfirm his brownfield pledge in today's announcements. The pledge for more homes is paved with good intentions. I am hopeful that some of these funds will also address the heavy remediation costs that these parcels of land often need. The environmental considerations and large-scale demolition, as well as need for subsequent infrastructure improvements, means the associated costs – all of which combined with general increasing build costs and material shortages – can work to make such a scheme unviable.
- "There is also the increasing competition for such sites if in the right locations with good road access to the industrial/logistics sector, meaning that there is no guarantee that residential can actually be delivered on such sites where landowners will inevitably be seeking the best values for their landholdings. It will be interesting to see how this competitive market plays out over the next 12 months, and if Government policy and market forces are aligned.
- "The £300m being must be handed out with care – no one wants to see councils eat up the money on theory, proposals and consultants, none of which delivers bricks & mortar. I fear our broken planning system will simply absorb the money with little progress made. The truth is, our planning system is not commercial based so we will never get best value – if you want efficient and quick delivery you need the private sector to step in.
- "I would have liked to have seen the government use the Budget to incentivise developers to build more on brownfield land, rather than send indirect funds mayoral offices. Ultimately, it's a gesture towards levelling up rather than a pledge."

Did you like this? Share it:



#### LATEST NEWS



##### Underused smart tech could slash 40% of building emissions

Isla MacFarlane  
/ 2 days ago



##### Cost pressures intensify for construction products manufacturers

Isla MacFarlane  
/ 2 days ago



##### OPINION: Why the Budget was bad news for housebuilders

Isla MacFarlane  
/ 2 days ago



##### Planners demand greater fiscal powers for local authorities

Isla MacFarlane  
/ 2 days ago

