

4/2019 Spring Statement 2019: Housing Implications



Key Points

- Chancellor Philip Hammond gave his Spring Statement on 13 March 2019.
- OBR forecasts that the economy will grow by 1.2% this year, more slowly than expected at the Budget in November 2018; what happens beyond that depends on how Brexit proceeds.
- The Government expects government borrowing to continue to fall, but by how much also depends heavily on Brexit.
- The Statement included several announcements on spending on housing; these are not announcements of new money but confirm how some of the money allocated in the 2018 Budget will be spent.
- The Government will guarantee up to £3 billion in housing association borrowing to support delivery of around 30,000 affordable homes.
- £717 million from the Housing Infrastructure Fund will be used to unlock up to 37,000 homes at sites including:
 - £250 million for Old Oak Common in West London to support 13,000 new homes;
 - £218 million to upgrade transport links to improve access to Didcot Garden Town, Oxfordshire, involving around 12,000 new homes;
 - £227 million to support delivery of 8,625 homes at “Northern Fringe East”, Cambridge;
 - £21.7 million for Cheshire East to help deliver a 1,675-home Garden Village.
- £320 million has separately been allocated to Barnet council to provide a new Thameslink station near Brent Cross to enable development of around 7,000 new homes.
- £260 million has been provided to support a new Borderlands Growth deal involving English and Scottish local authorities.
- A consultation paper on Infrastructure Finance has been published.
- New planning guidance will be published reflecting the conclusions of the Letwin Review that a greater diversity of homes on large sites would increase build-out rates.
- The Chancellor also confirmed that the Government will hold a Spending Review which will conclude alongside the Budget; if a Brexit deal is agreed, this will set department spending budgets for three years from April 2020.
- It was expected that the Spring Statement might be used by the Government as its opportunity to publish the outcome of its consultation on the use of RTB receipts; this does not appear to have happened.

Background

Philip Hammond MP gave his Spring Statement on 13 March. Since 2017, the Government has moved the Budget from the Spring to the Autumn, so that decisions on future taxation and public spending are normally announced at the same time. The Spring Statement is now mainly an opportunity to consider OBR’s half-yearly assessment of economic prospects and their implications for the public finances. On this occasion, as before, it has been used as a vehicle for some significant policy and spending announcements, but these have been confined – at least so far as housing is concerned – to confirming how funding already announced in previous Budgets is to be spent.

Economic and fiscal forecast



The economic and fiscal forecast is heavily qualified because of current uncertainty about whether, when and on what terms the UK will leave the EU. OBR has reduced its forecast for growth in the current year from 1.6% to 1.2%.

Housing and Infrastructure

The Statement included several announcements on infrastructure spending to “unlock” major housing sites for development, mainly by providing transport links. These were:

- £717 million from the Housing Infrastructure Fund to unlock up to 37,000 homes at sites including:
 - £250 million for Old Oak Common in West London to support 13,000 new homes;
 - £218 million to upgrade transport links to improve access to Didcot Garden Town, Oxfordshire, involving around 12,000 new homes;
 - £227 million to support delivery of 8625 homes at “Northern Fringe East”, Cambridge;
 - £21.7 million for Cheshire East to help deliver a 1,675-home Garden Village.
- £320 million separately allocated to Barnet council to provide a new Thameslink station near Brent Cross to enable development of around 7,000 new homes.
- £260 million to support a new Borderlands Growth deal involving English and Scottish local authorities.

As noted earlier, these are not announcements of new money but confirm how some of the money allocated in the Budget will be spent.

A consultation paper on Infrastructure Finance has been published. New planning guidance will be published reflecting the conclusions of the Letwin Review that a greater diversity of homes on large sites would increase build-out rates.

The only announcement on funding specifically for housing was that the Government will guarantee up to £3 billion in housing association borrowing to support delivery of around 30,000 affordable homes. It was expected that the Statement might be used as the opportunity for the Government to announce its decision on the consultation on the use of RTB receipts, but no announcement has yet been made.

Spending Review

At the 2018 Budget, the Chancellor announced that a Spending Review would be carried out in 2018 to set departmental budgets for the three years from April 2020. Owing to Brexit uncertainty, the Review has not yet started. In the Spring Statement, the Chancellor confirmed that the Review will go ahead in time to report by the Budget this autumn; however, it will only attempt to plan three years ahead if a Brexit deal is agreed.