

12 December 2012

Practice Group:

*Real Estate
Investment,
Development, and
Finance*

Property Implications Fact Sheet: Autumn Statement

By Steven Cox and William Turner

On 5 December 2012, George Osborne, The Chancellor of the Exchequer, delivered the Autumn Statement.

The Statement contained several key implications for the property industry, examined below:

TAX AND FUNDING

1. Business rates: Empty property rates

All new build commercial property completed between 1 October 2013 and 30 September 2016 is to be exempted from empty property rates. The exemption will apply for the first 18 months following completion, up to the state aid limits.

This proposal is subject to consultation. If implemented it is hoped to encourage developers to progress new projects but it falls short of the cut in rates that many businesses have called for.

2. Stamp Duty Rises

Subsequent to the Autumn statement the Treasury have also just announced that it will press forward with plans to raise stamp duty to 15% for residential properties worth more than £2m owned by “non-natural persons”. The Treasury made this announcement alongside a flurry of announcements which they published before the upcoming 2013 Finance Bill. This charge will be introduced alongside an annual charge of £15,000 to £140,000, known as an “Annual Residential Property Tax” (ARPT) for properties held within corporate envelopes. The good news is that when the rules do come into force on April 1st, ‘legitimate’ property businesses with more than two years’ trading history will be exempted. ‘Legitimate’ businesses will include social landlords, rental businesses, developers and traders.

3. CRC Energy Efficiency Scheme

The CRC Scheme will be simplified from 2013, but not scrapped. Simplifications include that it will apply to only two fuels (electricity and gas) rather than 29, the performance league table will be abandoned and CRC allowances will be fixed as follows:

- £12 per tonne of carbon dioxide (tCO₂) in 2013-14;
- £16/tCO₂ in 2014-15; and
- from 2015-16 onwards, the price will increase in line with the Retail Prices Index.

These changes should result in a significant reduction in administrative costs for participants in the CRC Scheme.

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4. Housing and Local Development

The following additional funding for housing has been confirmed:

- £280 million for the FirstBuy equity loan scheme to help first-time buyers.
- £300 million for the Affordable Homes programme. This aims to produce more affordable homes and bring empty homes back into use.
- £200 million to support building private-sector rented homes.

PLANNING REFORM

The planning regime has been identified as a major reason for infrastructure being more expensive to build in the UK than in other European countries and for causing significant delays to projects. The 2012 Autumn Statement references the progress made in this area.

5. Growth and Infrastructure Bill

The Growth and Infrastructure Bill 2012 was introduced into Parliament on 18 October 2012 and had its second reading on 5 November 2012. The Bill adopts recommendations from the 2009 Penfold Review and the government measures announced in September 2012 to streamline the planning system.

6. National Planning Policy Framework

A single national planning policy framework (NPPF) was published on 27 March 2012 and is in force. It consolidates over 1000 pages of planning guidance into a single 59-page document. A key feature is a presumption in favour of sustainable development.

In October 2012, Lord Matthew Taylor was appointed to lead a review of the existing 6000 pages of planning practice guidance of national planning policy. The government announced that it will shortly set out its response to Lord Taylor's review.

7. Flooding

An additional £120 million is to be spent on new flood defences.

PF2

The government has also published '*A new approach to public private partnerships and the Standardisation of PF2 Contracts*'.

The government's intention is to make infrastructure procurement faster and more transparent with for example an 18-month time limit on PFI bidding processes.

Draft forms will be consulted on. These will see the government take both a stake in most PF2 schemes to ensure that excess profits are shared with the taxpayer and a place on the board of project companies.

According to the Autumn Statement, PF2 will be used for the first time on the Priority Schools Building Programme.

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