

What effect could the autumn budget have on developers and landowners in 2024?

Blog

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Overview of the 2024 Autumn Budget

The upcoming 2024 autumn budget is expected to bring forward key issues that could directly impact developers and landowners. Potential changes in taxation, adjustments to capital gains tax and property taxes, could affect the profitability of land sales and development projects. Increased government spending on infrastructure might raise property values in certain areas, making them more attractive for development. Housing initiatives, including potential planning reforms and affordable housing mandates, could influence the types of projects that are viable. Additionally, new environmental regulations and incentives for green building practices may require developers to adapt, with possible effects on costs and demand. Finally, economic forecasts and interest rate adjustments could alter the financial landscape, influencing borrowing costs and market confidence.

Residential Property Developer Tax (RPDT)

The Residential Property Developer Tax (RPDT) is designed to ensure that large property developers contribute their fair share towards addressing the social costs of development. Labour is likely to maintain or increase this tax, reflecting its commitment to social justice by using corporate profits to fund public safety measures and affordable housing. For developers, this could mean higher tax costs, which might affect their profitability and project feasibility. Landowners could experience shifts in land values and development prospects as increased costs may impact development decisions and investment potential.

Levelling Up fund

The Levelling Up fund, initially introduced by the Conservatives, aims to reduce regional inequalities across the UK. Under Labour, we may see an expansion or rebranding of this initiative, with a greater emphasis on investing in underserved communities. The focus could shift towards improving social infrastructure, such as affordable housing and public services, alongside economic development. Developers and landowners might benefit from increased funding for projects that enhance social infrastructure, such as affordable housing and public facilities. However, they may also face more competitive funding opportunities and stricter criteria for project approval, requiring alignment with Labour's broader social and community-focused goals.

Planning system changes

Developers and landowners may experience several changes in 2024. While they could benefit from more streamlined approval processes for projects aligned with Labour's priorities, such as affordable housing and eco-friendly developments, they may also face increased local engagement requirements and stricter regulations. These stricter standards could lead to higher compliance costs and the need for additional investment in quality and sustainability. However, adapting to these changes might also drive innovation, potentially offering new opportunities and funding for projects that effectively integrate community and environmental considerations.

Affordable homes programme

Labour is expected to place a strong emphasis on affordable housing, aiming to address the housing crisis through increased funding and a focus on social housing. This aligns with their broader goal of reducing homelessness and housing insecurity, viewing housing as a basic right. The programme will likely focus on delivering high-quality, affordable homes, particularly in areas of greatest need. For

developers and landowners, it could have significant implications. Increased funding and a push for social housing may create new opportunities for developers, particularly in partnerships with local authorities or housing associations. However, stricter regulations or requirements to include affordable units in private developments could impact profitability and project planning. Landowners may see changes in land values, especially in areas designated for significant affordable housing projects, which could influence their investment decisions.

The 2024 Autumn Budget presents challenges and opportunities for property investors, developers and landowners. Labour's focus on social housing, environmental sustainability, and community development is likely to reshape the property sector. While increased taxation and stricter regulations may impact profitability, new funding streams for affordable housing and social infrastructure projects could create valuable opportunities. Property investors who can adapt to these changes, particularly by aligning their projects with Labour's priorities for affordable housing and sustainable development, may find themselves well-positioned in this evolving market. However, all stakeholders should prepare for a period of adjustment as new policies take effect, potentially altering land values, development strategies, and investment decisions across the UK.

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