

British Property Federation Manifesto

November 2019



BRITISH
PROPERTY
FEDERATION

We are placemakers.

We create the spaces where people study, work, start businesses, shop, socialise and gain support through life's challenges. We work with local authorities to provide long-term investment in sustainable communities and we are committed to increasing the economic and social value we create, through our campaign Redefining Real Estate.

We are investors in the places people call home. Through build-to-rent – the new, professionally-managed developments that are driving up standards in the private rented sector – we delivered a quarter of London's housing output last year.

We invest in people and as an industry we provide 2.2 million jobs – directly employing 1m people and supporting a further 1.2 million jobs – that's one in every 14 jobs in the UK.

Our investment helps Britain's economy to grow, adding £101.2bn to the economy each year. That's 7% of UK GVA. This generates £11bn in taxes and our customers pay £28bn in business rates each year. We also contribute £6bn a year to affordable housing and other community infrastructure like schools, roads and open spaces.

We are a global destination for overseas investment – second largest in the world; and a major exporter of real estate services.

And we help people save for their old age. About 8% of our pensions are invested in property, boosting 46 million pension pots.

We are the nation's partners.
We are the British property industry.

25% of London housing output



**2.2 million jobs
1 in 14 jobs in UK**

**£101.2bn to the economy each year
7% of UK GVA**



A progressive partnership

We seek a new partnership with the next Government to recognise the role of the property industry in underpinning a successful and productive economy, supporting communities, nurturing a diverse workforce and unlocking sustainable, inclusive growth across the country.

This partnership will be particularly important however the Brexit discussions are ultimately concluded. It will be vital to maintain business confidence and growth, and therefore investment in the UK. Any new trading arrangements must give access to EU markets for goods and services, and ensure that businesses can access to skills and talent from overseas.

To deliver more homes and better places

1. Invest £12.8bn a year in social housing.

We support calls to properly fund social housing and end the housing crisis, delivering 1.45m social homes by 2030.

2. Encourage and support a range of retirement housing choices through the planning system.

The country needs more housing choices for people aged 60+. As we have seen with build-to-rent, greater planning certainty would help attract investment.

3. Remove build-to-rent from the additional 3% SDLT rate.

Build-to-rent has grown from nothing to 148,000 homes in just seven years. With fiscal reform it can deliver more.

4. Deliver key worker homes on public land.

Key workers are vital to many local economies, and a group that are ill-catered for at present.

5. Reform the Housing Delivery Test to reflect growth aspirations in the Midlands and North.

The delivery test underestimates the potential of regional economies and would deliver 500,000 fewer homes in the North by 2040.

6. Avoid crude development taxes, and reform and simplify the Community Infrastructure Levy

Crude development taxes stop land coming forward; a disaster at a time when we need to deliver 300,000 homes a year. Local infrastructure should be plan-led, with policies getting reflected in land values.

7. Provide a social infrastructure fund to support community facilities in areas where land values won't deliver them.

Land values vary across the country and in the North and Midlands may not support the provision of new schools, healthcare and other community infrastructure. Everyone deserves access to such facilities, wherever they live.

8. Reject strict rent controls that discourage investment in the private rented sector.

There is a large body of evidence from the UK and internationally showing that rent controls are damaging for tenants – leading to fewer homes, poor repairs and maintenance, and a polarised market that restricts access and choice.

9. Ensure any tenure reform starts with the courts/tribunals, their processes, systems, technology and resources.

Investors will be cautious of reforms that are not properly implemented, and investment will suffer.

10. Any tenure reform must reflect the use of shorter fixed-term tenancies in the student accommodation sector.

The inability to offer a shorter tenancy will hurt supply and therefore student affordability.

11. Embrace modernity in planning skills and policy

Technology is rapidly changing the world, how people travel, shop and work. Planning skills and policy must future-proof.

12. Reduce or zero rate VAT on residential repairs, maintenance and management.

Build-to-rent is delivering a step-change in housing quality, but maintenance and management costs are inflated by irrecoverable VAT.

Support and transform the nation's town centres

- 1. Invest in local authority planning departments to speed up the planning process**

Spending on local planning departments has been cut by 55% since 2010 – the greatest cut across all local government. *

- 2. Promote proactive town centre planning and help us provide support for local authorities**

Town centres are the beating heart of our communities. BPF members recognise the pressures on local government services and are willing to offer further support for better resourcing and more efficient planning outcomes.

- 3. Support town centres who want to introduce empty property registers.**

We support efforts that seek to help communities identify the owners of empty town centre properties.

- 4. Reduce the total business rates burden to roughly a third of rent and stop the automatic annual inflation increase.**

Rates were a third of rateable values (a proxy for rents) in the 1990s but are now more than half. This perpetual increase is unsustainable.

- 5. Conduct annual business rates revaluations**

Rates need to be responsive to economic changes to avoid stifling business and therefore must reflect up-to-date rental values.

- 6. Use the business rates system to incentivise investment in green technologies and super-fast broadband.**

Government should consider delaying any increase to a building's rateable value for five years after a refurbishment or improvement has taken place.

- 7. Implement a review of CVAs, extend the 14-day notice period to 28-days and allow an independent to oversee them**

Make sure that the pre-insolvency tool, the Company Voluntary Agreement, is fit for purpose and applied fairly.

* Other measures to speed up planning will be the subject of a separate manifesto document we will publish shortly.

Nurture and retain talent

1. Reform the UK Apprenticeship Levy

To increase apprenticeship numbers and boost investment in training.

2. Introduce a fair and balanced post-Brexit immigration system

The UK must remain open to overseas talent and skills.

Achieve net zero carbon

1. Work with us on a clear roadmap towards net zero carbon.

The built environment accounts for approximately 40% of carbon emissions. The property sector is supportive of having stretching targets towards net zero carbon in 2050, and in some cases sooner, but investors plan long-term and therefore need a clear roadmap.

2. Launch mandatory in-use energy performance ratings for business buildings.

Behavioural change starts with measurement, which builds understanding and transparency about energy use. This would encourage the uptake of energy efficiency measures, and could be used to ease the tax burden on sustainable businesses, for example through the business rates system.

And spread prosperity throughout our regions

1. Accelerate devolution, for example, on skills policy and funding

We support Metro Mayors and Combined Authorities, but our members feel that devolution has stalled in recent years.

2. Reform Treasury Green Book appraisal methods to take account of a broader range of criteria.

Government investment favours those areas where government gets greatest ‘bang for buck’ which tends to be in wealthier areas where land values are highest. Reform is needed.

3. Fund and deliver investment in transport infrastructure projects

More investment in better transport infrastructure is a critical factor in regional productivity, and poor delivery is holding our regions back.

4. Public expenditure on public jobs need to be more evenly spread among our regions.

Relocation decisions should take account of the impact the public spending will have on regional growth.

**For more information on this
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