

PLANNING POLICY PROJECTED WORK PROGRAMME

1 SUMMARY

- 1.1 This report provides Members with a brief update on how key pieces of work are currently progressing, and an indication of the projected work programme for the development of the new Local Plan in particular looking forward, taking into consideration the implications of the recent budget announcements.

2 INTRODUCTION

- 2.1 There are a number of key pieces of work that Planning Policy are looking to progress, and where possible finalise, over the next 6 to 12 months. This includes ongoing preparation of the Community Infrastructure Levy (CIL) to support development identified within the current Local Development Framework (LDF), implementing a new monitoring regime and the conclusion of the Rayleigh Area Action Plan examination. Looking forward as part of the preparation of the new Local Plan there are a number of important background documents that are being refreshed, or will need to be prepared, including the Strategic Housing Market Assessment (SHMA) and Strategic Housing and Employment Land Availability Assessment (SHELAA).

3 COMMUNITY INFRASTRUCTURE LEVY (CIL)

Background

- 3.1 Although the CIL was introduced by the Planning Act 2008, it did not come into force until 6 April 2010 through the Community Infrastructure Levy Regulations 2010. Since 2010 there have been a number of amendments to these regulations with the most recent coming into force on 20 March 2015.
- 3.2 From 6 April 2015, the CIL regulations restrict the use of Section 106 agreements by restricting the pooling of contributions from five or more sources.
- 3.3 There are a number of supporting documents which are needed to underpin the proposals in the Charging Schedule (i.e. the CIL), which includes:-
- a Regulation 123 List - a list of infrastructure that the CIL is intended to fund, either in full or in part. Infrastructure which is intended to be funded in full through a Section 106 or Section 278 agreement cannot be included;
 - a Funding Gap Assessment - demonstrating that there is a funding gap and thus a need for CIL; and
 - a Viability Report - considering the viability of charging CIL and recommending an appropriate charging rate.

- 3.4 These documents support the Preliminary Draft Charging Schedule (PDCS) which is the first consultation stage in the development of the CIL. The second iteration is the Draft Charging Schedule (DCS), which is the final consultation stage before the document is submitted for examination.
- 3.5 The Regulation 123 List has been prepared and is based on the infrastructure requirements set out in the Council's adopted and emerging local development plans. A Funding Gap Assessment has also been drafted, in consultation with Essex County Council, to demonstrate that there is a funding gap for infrastructure identified in the Council's plans.
- 3.6 A viability consultant was commissioned in August 2014 to prepare a Viability Report to unpin – and inform – the PDCS. Two stakeholder workshops took place in October and December 2014 to discuss and agree key viability issues (including costs, assumptions, etc.) in order for this to be fed into the Viability Report. The preparation of the Viability Report has been a somewhat protracted process, and officers are working with the consultant to resolve any outstanding issues that have been identified.

Looking Forward

- 3.7 The intention is for the Viability Report to be completed by the end of August – provided the outstanding issues can be resolved satisfactorily – and for the PDCS, and supporting documents, to be taken to Full Council in autumn 2015. Members' approval will be sought for the PDCS to go out to consultation for a minimum of 6 weeks. Once the consultation has ended the responses received will be considered and fed into the next stage of the Charging Schedule (the DCS). The Viability Report and other supporting documents will also be amended where appropriate. At this stage it is anticipated that the DCS will be consulted on in spring/summer 2016 before being submitted to the Government for independent examination later in the year.

4 RAYLEIGH AREA ACTION PLAN

Background

- 4.1 The Rayleigh Area Action Plan was submitted to the Government for independent examination on 5 December 2014 and a hearing session was held on 4 May 2015 to discuss the matters and issues identified by the Inspector. Following the hearing session, the Inspector issued his interim views on the soundness of the plan and subsequently a final proposed Schedule of Modifications to address the Inspector's key points was produced by the Council and published for consultation between 27 April and 22 June 2015.

Looking Forward

- 4.2 The Inspector's final report into the soundness of the Rayleigh Area Action Plan is expected to be received by the Council towards the end of July. If found sound, it is anticipated that the final version of the Rayleigh Area Action Plan will be presented to Members to be considered for adoption at Full Council in September/October 2015. As part of the adoption of the plan – in line with the regulations – two key documents will need to be produced (a Formal Adoption Statement and an SA/SEA Adoption Statement setting out the regulations that have been complied with).
- 4.3 A 6 week legal challenge period follows the adoption of a plan, whereby anyone aggrieved by the adoption of the Rayleigh Area Action Plan may make an application to the High Court that the plan is not within the appropriate powers and/or a procedural requirement has not been complied with.

5 MONITORING

Background

- 5.1 There is a requirement to monitor key indicators as part of the local development plan process, in particular the delivery of housing to monitor the five-year supply. From March 2015 planning policy brought this monitoring function in-house. This function has previously been performed by Essex County Council through Service Level Agreements.
- 5.2 The monitoring of housing supply works on data collected during the previous financial year, and as such housing delivery information from April 2014 to March 2015, is currently being checked and verified. This information will be reported in the next Annual Monitoring Report (AMR), due to be published in Spring 2016, which will also set out the Council's latest position on its five-year housing land supply. Whilst the 2014-15 data is being verified, housing delivery from April 2015 to date is being monitored on a monthly basis (including new permissions for residential dwellings, and building commencements and completions). This information is currently being collated.

Looking Forward

- 5.3 New dwelling permissions and any commencements and completions will need to continue to be monitored on a monthly basis and recorded in the database.
- 5.4 A more time efficient and cost effective method of monitoring housing supply is to be developed in conjunction with colleagues in other teams. Some progress has been made on this to date, with the intention that a system is in place by April 2016 (the beginning of the new monitoring period).

- 5.5 To support the new monitoring system, the Validation Checklist (for planning application submissions) will need to be reviewed, consulted upon and updated. The Validation Checklist is currently in the early stages of review.

6 NEW LOCAL PLAN

Background

- 6.1 The Council is committed to an early review of the Core Strategy to ensure that an up-to-date plan is in place covering at least 15 years. The Council is currently in the initial evidence gathering stages of the review, which will inform the preparation of the new Local Plan in due course.
- 6.2 A number of evidence base documents have been progressed to date, including:-
- Retail and Leisure Study update (prepared by Nathaniel Lichfield and Partners) published in January 2015
 - Employment Land Study update (prepared by GVA) published in February 2015
 - Strategic Housing Market Assessment (SHMA) being prepared by Turleys Associates. Turleys are undertaking a comprehensive review of the 2013 SHMA to ensure compliance with the Planning Practice Guidance (PPG) and determine the Objectively Assessed Need (OAN) for housing for each Local Authority
 - Environmental Capacity Study (prepared by Enfusion Ltd) to be considered by Members, and published if agreed
 - Call for Sites inviting those with an interest in land to submit sites – in particular brown field land – to the Council for consideration for a number of different uses, including residential, employment, retail, open space, etc.

Looking Forward

- 6.3 The SHMA is a key evidence base document which will – through determining the OAN for the District – form the basis of the housing target to be contained within the new Local Plan over the plan period. This document is being prepared for the five South Essex authorities, who constitute the relevant Housing Market Area for Rochford District, and is being overseen by officers to ensure that it is fit-for-purpose and meets the brief for the project. As part of the Duty to Co-operate, the Council will need to work closely with neighbouring authorities in the determination of the housing target for the District. The Duty to Co-operate – and evidence of this having been undertaken in accordance with the legislation – will be scrutinised by a Planning Inspector during examination of the new Local Plan.

- 6.4 As part of the Call for Sites, and in addition to private land that may be submitted to the Council, a desktop review of public and other land will need to be undertaken as recommended within the PPG. All the sites identified through the Call for Sites will need to be assessed in detail to determine whether they are achievable and deliverable for residential and employment use in accordance with the PPG. This information will be collated to form a Strategic Housing and Employment Land Availability Assessment (SHELAA).
- 6.5 Where there is a need for additional land to accommodate the new Local Plan housing target (determined from the OAN in the SHMA), the sites which were submitted through the Call for Sites and are designated as Green Belt land may form part of a Green Belt review to determine whether they are suitable for residential or employment use. Each site would be considered in detail against the five purposes of the Green Belt. There is however no guarantee that any additional land would need to be identified through the new Local Plan – in particular Green Belt land.
- 6.6 The Statement of Community Involvement (SCI) was adopted in January 2007 which sets out how the community will be involved in the development of local planning policy. There have been a number of changes to the planning system since that time, for example there is no longer a requirement for three formal stages of document production. The principles set out in the current SCI are nevertheless considered to be relevant to document production. However it is necessary that the SCI is refreshed and updated to support the preparation of the new Local Plan. The SCI will need to be consulted on before it is adopted. The Council is required to comply with its SCI.
- 6.7 The current evidence base will need to be reviewed to identify where supporting documents may be out-of-date, revoked or superseded by new evidence – at the national, regional, sub-regional, county and local level. Additional work for local level studies may need to be commissioned in conjunction with neighbouring Local Authorities, where appropriate.

7 IMPLICATIONS OF JULY 2015 BUDGET

- 7.1 In the previous Parliament the planning system was substantially reformed, primarily through removal of regional strategies and the publication of the National Planning Policy Framework (NPPF) which placed numerous planning policy guidance documents. The NPPF is supported by the PPG.
- 7.2 On 10 July 2015 the Rt Hon George Osborne MP announced further reforms to the planning system with the intention of speeding up the plan-making and decision-making process. There were several announcements which have implications for plan-making, as set out in Chapter 9 of the Chancellor's report

‘Fixing the foundations: Creating a more prosperous nation’¹ (see Appendix 1). The key points from the reforms in relation to plan-making are as follows:-

- Secretary of State intervention where Local Authorities do not produce their Local Plans within a set deadline for the Plans to be written in consultation with local people
- Streamline the length and process of Local Plans to speed up implementation or amendment of plans
- Strengthened guidance on the Duty to Co-operate on housing and planning issues
- Legislate for statutory registers of suitable brown field land, and to grant automatic planning permission (in principle) for those sites identified on the register
- Implementing regulations to exempt Starter Homes developments from CIL

7.3 These proposed reforms would have implications for the development of the new Local Plan in terms of timing and delivery, as the report suggests that there will be a Government imposed deadline for the preparation of plans. It is unclear, however, whether this will be apply more stringently to those Local Authorities which have not adopted a Local Plan in recent years, or whether it will also be imposed upon those authorities who are in the process of reviewing their plans. A set deadline will be confirmed by the summer recess, i.e. 21 July 2015. Such an approach, depending on the deadline, could have substantial resource and costs implications for the Council.

7.4 It is unclear how the plan-making process is to be streamlined and sped up, given the requirements for Local Authorities to effectively engage with local communities taking their views into account, prepare flexible, positive policies which are supported by technical assessments (Sustainability Appraisals; Habitat Regulations Assessments, etc.) and underpinned by an up-to-date robust evidence base, and demonstrate that the requirements of the Duty to Co-operate have been met. It is likely therefore that further announcements will be made in due course.

7.5 There will be a need to ensure – in addition to the existing Duty to Co-operate requirement – that further co-operation with regard to housing and planning has been met and can be robustly demonstrated (particularly with regard to OAN and associated housing targets). This could consist of more joint

¹ ‘Fixing the foundations: Creating a more prosperous nation’ available from: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443897/Productivity_Plan_print.pdf

working with neighbouring authorities within the Housing Market Area, sharing evidence base preparation, for example. This could incur additional resources and associated costs, although the cost of producing an evidence base document could be spread across a number of Local Authorities which could, in theory, have positive cost implications.

- 7.6 The Government intends to require Local Authorities to prepare a register of brown field land that may be suitable for development. A paper on this topic with associated targets for securing Local Development Orders (LDOs) on such sites was consulted on between January and March 2015². This would put the onus on Local Authorities to identify suitable brown field land and implement LDOs to speed up the planning process and provide certainty for developers. Such an approach would likely have resource (both time and cost) implications, however further information on implementation and enforcement of this requirement is needed.

- 7.7 The proposed amendment to the CIL regulations to exclude Starter Homes from CIL is not considered to have any significant implications for the preparation of the Council's CIL as affordable housing is already exempt.

8 RESOURCE IMPLICATIONS

- 8.1 The projected work programme and announcements from the recent budget would have a number of resource implications (both time and cost), as set out above. There is an existing local plans budget and this will need to be subject to review through the next budget cycle as the implications of the Fixing the Foundations report become apparent.

9 LEGAL IMPLICATIONS

- 9.1 The projected work programme and announcements from the recent budget would have a number of legal implications for the plan making process, as set out above.

10 RECOMMENDATION

- 10.1 It is proposed that the Sub-Committee considers the projected planning policy work programme and **RESOLVES** that, subject to resource constraints, current work streams continue on the preparation of CIL, finalisation of the Rayleigh Area Action Plan, fulfilment of the Council's monitoring responsibilities and progression of the new Local Plan evidence base over the next 6 to 12 months.

² 'Building more homes on brownfield land - consultation proposals' available from: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398745/Brownfield_Consultation_Paper.pdf



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Background Papers:-

None.

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Planning freedoms and more houses to buy

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9.1 The UK has been incapable of building enough homes to keep up with growing demand. This harms productivity and restricts labour market flexibility, and it frustrates the ambitions of thousands of people who would like to own their own home.

Building more homes that people can afford to buy

9.2 An effective land and housing market promotes productivity by enabling the economy to adapt to change, helping firms to locate where they can be most efficient and create jobs, and enabling people to live and own homes close to where they work.

9.3 Housing starts fell by nearly two-thirds between 2007 and 2009,¹ and the number of first time buyers fell by more than 50% between 2006 and 2008.² The government implemented significant reforms over the last Parliament to turn this situation around, including reforms to the planning system, and support for homeownership, particularly first time buyers.

9.4 An excessively strict planning system can prevent land and other resources from being used efficiently, impeding productivity by:

- increasing the cost and uncertainty of investment. Previous estimates have put transaction costs for major housing developments at £3 billion per annum³
- hindering competition by raising barriers to entry, adaptation and expansion
- constraining the agglomeration of firms and the mobility of labour, with previous estimates suggesting that planning constraints on commercial space are the equivalent of a 250% regulatory tax on office space⁴
- encouraging firms, households and financial institutions to speculate on land, diverting resources away from productive activities

9.5 As a result, the government made significant reforms to the planning system over the last Parliament, introducing a new National Planning Policy Framework, streamlining guidance from over 7,000 pages to a simple online guide, and reducing regulation for house builders. For aspiring home owners, the government reinvigorated the Right to Buy, introduced Help to Buy, and delivered a stamp duty cut for 98% of homebuyers who pay it.⁵

9.6 This approach is working: planning permissions and housing starts are at 7 year highs,⁶ the number of first time buyers last year rose by more than 20%,⁷ and more than 100,000 households have been helped onto or up the housing ladder by Help to Buy.⁸

¹ *Permanent Dwellings Started*, Department for Communities and Local Government, May 2015

² *Halifax First Time Buyer Review*, Lloyds Banking Group, January 2015

³ *Housing Supply and Planning Controls*, Michael Ball for NHPAU, January 2010

⁴ *Office Supply Restrictions in Britain*, Paul Cheshire and Christian Hilber, 2008

⁵ Autumn Statement 2014, HM Treasury

⁶ *Permanent dwellings started*, Department for Communities and Local Government, May 2015; *Housing Pipeline report*, Home Builders Federation, March 2015

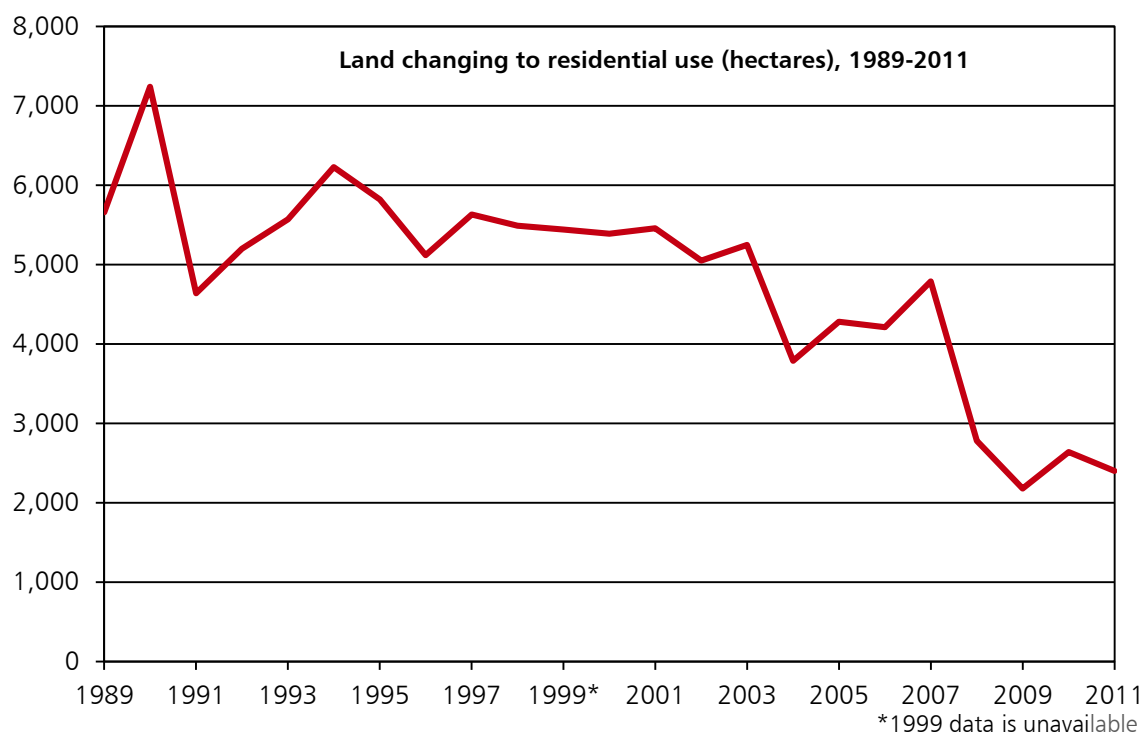
⁷ *Halifax First Time Buyer Review*, Lloyds Banking Group, January 2015

⁸ *Help to buy creates 131 new homeowners a day*, Department for Communities and Local Government, June 2015

9.7 There remains more to do. As the London School of Economics (LSE) Growth Commission found, 'under-supply of housing, especially in high-growth areas of the country has pushed up house prices. The UK has been incapable of building enough homes to keep up with growing demand'.⁹

9.8 This plan sets out the steps the government will take to ensure more homes are built that people can afford, through planning reform, progress on delivering 200,000 Starter Homes and the extension of the Right to Buy, and reforms to the Buy to Let market.

Chart 9.A: Reduction of land changes to residential use over time



Source: Department for Communities and Local Government: Live Table P226 'Land Use Change: residential land'.

Releasing land for the homes people need

9.9 Over the previous Parliament, the government removed top-down regional strategies and placed local authorities at the forefront of deciding how to meet the need for housing through their local plans.

9.10 It is vital that local authorities use these powers to put in place local plans that set the framework for the homes and jobs local people need. The government will take further action to ensure that local authorities put local plans in place by a set deadline to be confirmed by summer recess. The government will publish league tables, setting out local authorities' progress on providing a plan for the jobs and homes needed locally. Where they are not, the **Secretary of State for Communities and Local Government will intervene for those local authorities that do not produce them, to arrange for local plans to be written**, in consultation with local people.

9.11 The government will also take steps to ensure that local plans are more responsive to local needs. **The government will bring forward proposals to significantly streamline the length and**

⁹ Investing for Prosperity, London School of Economics Growth Commission, September 2013

process of local plans, helping to speed up the process of implementing or amending a plan. The government will also bring forward proposals to improve cooperation between local authorities. The National Planning Policy Framework is clear that local authorities should look to meet their housing need, as far as is possible within constraints. Where they cannot meet their need in full, they should cooperate with other local authorities to do so. **The government will strengthen guidance to improve the operation of the duty to cooperate on key housing and planning issues**, to ensure that housing and infrastructure needs are identified and planned for.

9.12 Areas around commuter transport hubs offer significant potential for new homes. The government will work with mayors in London and across the country to use new powers in the Devolution Bill to use development corporations to deliver higher-density development in designated areas. **The government will consider how policy can support higher density housing around key commuter hubs. The government will also consider how national policy and guidance can ensure that unneeded commercial land can be released for housing.**

A zonal system for brownfield land

9.13 The government is committed to an urban planning revolution on brownfield sites, including funding to provide infrastructure, strong local leadership to shape development and assemble sites, and the removal of unnecessary planning obstacles.

9.14 Previous studies have found that the country's planning system – where development proposals require individual planning permission and are subject to detailed and discretionary scrutiny – can create the sort of “slow, expensive and uncertain process” that reduces the appetite to build.¹⁰ The government is clear on the need to promote use of brownfield land, and will remove all unnecessary obstacles to its re-development, including these sorts of planning obstacles.

9.15 The government has already committed to legislating for statutory registers of brownfield land suitable for housing in England. The government will go further by **legislating to grant automatic permission in principle on brownfield sites identified on those registers**, subject to the approval of a limited number of technical details. On brownfield sites, this will give England a ‘zonal’ system, like those seen in many other countries, reducing unnecessary delay and uncertainty for brownfield development.

9.16 In the spring, the government consulted on reforms to bring forward more brownfield land for development by making the compulsory purchase regime clearer, faster and fairer for all parties. This first round of reforms will be introduced through legislation in this session of Parliament. A number of additional proposals have been received from that consultation; the government is considering the case for these **additional compulsory purchase reforms to further modernise the system, and will bring forward proposals in the autumn**. These will allow local authorities and others to drive forward and shape brownfield development, and will not alter the principle of Secretary of State sign-off on compulsory purchase orders.

Improving the planning process - ensuring planning decisions are made on time

9.17 Evidence suggests that delays in processing planning applications may be a significant factor preventing housing supply from responding to upturns in the market.¹¹ Significant progress has been made, with the proportion of major applications dealt with on time rising

¹⁰ *Planning Delay and Responsiveness of English Housing Supply*, Michael Ball, 2011

¹¹ *Planning Delay and Responsiveness of English Housing Supply*, Michael Ball, 2011

from 58% in 2012-13 to 77% in 2014-15.¹² The government wants to see further progress, with all planning decisions made on time. This is particularly important for SMEs. The government will therefore:

- **legislate to allow major infrastructure projects with an element of housing to apply through the Nationally Significant Infrastructure Regime (NSIP)**
- **tighten the planning performance regime**, so that local authorities making 50% or fewer of decisions on time are at risk of designation
- **legislate to extend the performance regime to minor applications**, so that local authorities processing those applications too slowly are at risk of designation
- **introduce a fast-track certificate process** for establishing the principle of development for minor development proposals, **and significantly tighten the 'planning guarantee' for minor applications**
- **repeat its successful target from the previous Parliament to reduce net regulation on housebuilders**. The government does not intend to proceed with the zero carbon Allowable Solutions carbon offsetting scheme, or the proposed 2016 increase in on-site energy efficiency standards, but will keep energy efficiency standards under review, recognising that existing measures to increase energy efficiency of new buildings should be allowed time to become established
- **introduce a dispute resolution mechanism for section 106 agreements**, to speed up negotiations and allow housing starts to proceed more quickly

More devolved planning powers

9.18 Housing is a national priority, and the government will work with mayors and Combined Authorities to provide the tools they need.

9.19 In London, the Mayor's 2020 Vision has set out the scale of the challenge, with at least 42,000 homes needed a year over the next 20 years. The government has already taken significant steps, including the Chancellor and Mayor jointly announcing £400 million investment to support 20 Housing Zones on brownfield sites. Housing starts in London have risen by 24% since 2012-13.¹³

9.20 Building on this investment, the Chancellor set out in the Long Term Economic Plan for London that the government would enter into discussions for the devolution of major new planning powers to the Mayor of London, beginning with powers over wharves and sightlines, to be used in consultation with Londoners. The government confirms its intention to proceed with devolution of wharves and sightlines, and will also look to bring forward proposals **to allow the Mayor to call in planning applications of 50 homes or more**, allowing him to support more planning applications that will help to meet London's needs.

9.21 As the Mayor's housing strategy set out, any increase in housing supply in London will be overwhelmingly brownfield development, and is likely to involve increasing densities.¹⁴ Helping London to 'build up' in this way will reduce the need to 'build out', helping to provide homes for Londoners while protecting the countryside. Planning processes can create unnecessary burdens for proposals seeking to increase density on brownfield land. The government is keen to

¹² *Planning applications received and decided by district planning authorities by speed of decision*, Department for Communities and Local Government, June 2015

¹³ *Housebuilding: permanent dwellings started and completed, by tenure and LEP*, Department for Communities and Local Government, May 2015

¹⁴ *Homes for London*, the London Housing Strategy

support the Mayor's aims, where there is local consent. **The government will therefore work with the Mayor of London to bring forward proposals to remove the need for planning permission for upwards extensions for a limited number of stories up to the height of an adjoining building,** where neighbouring residents do not object. In cases where objections are received, the application will be considered in the normal way, focussed on the impact on the amenity to neighbours.

9.22 The government will devolve new powers to the future Mayor of Greater Manchester, giving them the tools to drive forward complex, brownfield developments. **The government will bring forward proposals to allow the mayor to produce Development Corporations, and promote Compulsory Purchase Orders.** These powers will be exercisable with the consent of the Cabinet member representing the borough in which the power is to be used.

Starter Homes and Right to Buy

9.23 The government will deliver its commitment to get 200,000 Starter Homes built by 2020, at a 20% discount for young first time buyers. The government is bringing forward proposals to help deliver this commitment, which include:

- requiring local authorities to plan proactively for the delivery of Starter Homes
- extending the current exception site policy, and strengthening the presumption in favour of Starter Home developments, starting with unviable or underused brownfield land for retail, leisure and institutional uses
- enabling communities to allocate land for Starter Home developments, including through neighbourhood plans
- bringing forward proposals to ensure every reasonably sized housing site includes a proportion of Starter Homes
- implementing regulations to exempt these developments from the Community Infrastructure Levy, and re-affirming through planning policy that section 106 contributions for other affordable housing, and tariff-style general infrastructure funds, will not be sought for them
- putting in place new arrangements to monitor their delivery

9.24 The government is committed to extending the Right to Buy to housing association tenants. Since the Right to Buy for council tenants was reinvigorated in the last Parliament, the number of sales has increased by nearly 320%.¹⁵ **The government will extend the same opportunity to buy to the tenants of housing associations through the Housing Bill, to be introduced in this session of Parliament.**

9.25 In the Spending Review, **the government will take further steps to re-focus Department for Communities and Local Government (DCLG) budgets, focussing on supporting low cost home ownership for first time buyers.**

Buy to Let

9.26 The current tax system supports landlords over and above ordinary homeowners. Landlords can deduct costs they incur when calculating the tax they pay on their rental income. A large portion of those costs are interest payments on the mortgage. Mortgage Interest Relief was withdrawn from homeowners 15 years ago. However, landlords still get the relief. The ability to

¹⁵ DCLG Live Table 671 (Annual Right to Buy Sales for England)

deduct these costs puts investing in a rental property at an advantage. Tax relief is particularly beneficial for wealthier landlords with larger incomes, as every £1 of finance cost they incur allows them to pay 40p and 45p less tax respectively. The Bank of England has also noted in its recent Financial Stability Report that the rapid growth of buy to let mortgages could pose a risk to the UK's financial stability.

9.27 The government will restrict the relief on finance costs that landlords of residential property can get to the basic rate of tax. The restriction will be phased in over 4 years, starting from April 2017. This will reduce the distorting effect the tax treatment of property has on investment and mean landlords are not treated differently based on the rate of income tax that they pay. It will also start to shift the balance between landlords and homeowners.