

IMLA calls on government to provide ‘wide-ranging’ support for housing market

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The Intermediary Mortgage Lenders Association (IMLA) is calling on the Chancellor to take action in a number of key areas to ensure that the housing market continues to “fire on all cylinders” as the economy begins to recover from the coronavirus crisis.

IMLA has called for a flexible wind-down to the stamp duty holiday scheme to avoid a “cliff-edge” simply being postponed to the end of June.

IMLA is also calling on the Chancellor to include further support for victims of unsafe cladding, help to boost engagement with green housing initiatives, and improvements to the waiting periods for borrowers wishing to apply for loans under the Support for Mortgage Interest Scheme.

Kate Davies (*pictured*), executive director of IMLA, said: “Protecting the UK’s housing market should be high up on the Chancellor’s priority list for this Budget.

“The current Stamp Duty holiday deadline of 31 March has created unprecedented levels of activity and put a huge strain on lenders and conveyancers as they race to complete transactions in time.

“We have asked for some flexibility to avoid penalising those who miss the deadline, very possibly through no fault of their own.

“Whilst an extension may be welcomed by some purchasers, unless the flexibility we’ve argued for is built in it will simply kick the can down the road and create another “cliff-edge” in the summer.”

“However, there remain other key challenges which demand the Chancellor’s attention.”

Davies believes that the government’s latest announcement of further funding towards remedial work doesn’t go far enough.

Davies added: “The misery being caused by the cladding crisis has gone on long enough already – and whilst the government’s latest announcement [of a further £3.5bn to fund remedial work, taking the total available to £5bn] is welcome, IMLA believes it still doesn’t go far enough.

“It’s been estimated that the total cost of removing dangerous cladding and repairing buildings is likely to be nearer £15bn – three times what the government is currently committing.

“To put the government’s £5bn cladding remediation scheme into context, lenders were collectively required to pay out over £55bn in compensation for mis-sold PPI, which caused no loss of life or livelihoods.

“The inspections rendered necessary by the cladding scandal have revealed myriad cases of poor workmanship and incomplete inspections at the construction stage which, though not as potentially lethal as the combustible cladding, will require costly remediation.

“It’s completely unacceptable to expect leaseholders to bear these costs.”

IMLA also called for further action on climate change initiatives and a review of the Support for Mortgage Interest scheme.

“Climate change is a huge issue and lenders support the government’s ambition to build back better and focus on green initiatives.

“The Green Homes Grant was well-intentioned, as was a recent BEIS consultation on improving home energy efficiency, but we think this challenge requires a much wider and more ambitious cross-government strategy, rather than a piecemeal departmental approach.”

“We would also like to see a re-think on the rules surrounding the availability of the Support for Mortgage Interest loans.

“This used to be a benefit, but is now a loan, eligibility for which is tied up with Universal Credit benefit payments.

“It seems likely that a number of borrowers – who may not need to apply for Universal Credit – may temporarily lose all or part of their income as a result of the pandemic and could benefit from being able to access the SMI loan – which they will in due course repay, with interest.

“This could provide a lifeline to those in financial difficulty and keep more families in their homes.”