



HOMES FOR ALL

The Legal Framework for Local Authority Housing Companies

Elizabeth Wood, 23 March 2017

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The Housing White Paper

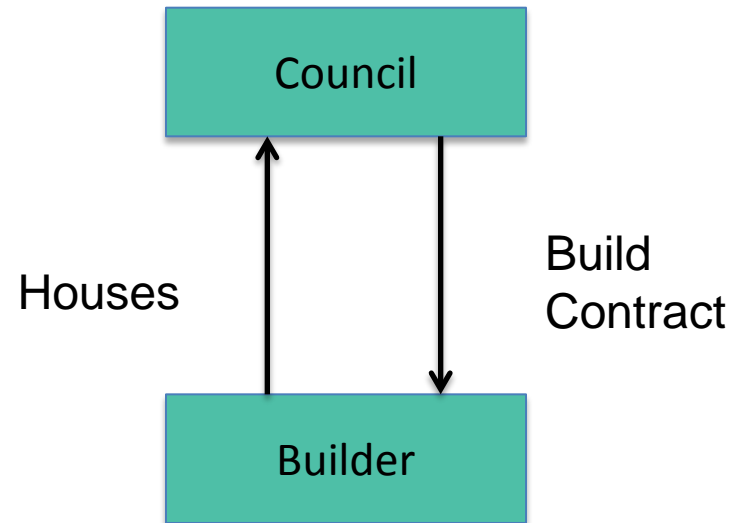
*3.28 Increasingly and across the country local authorities are using innovative new models to get homes built in their area. There are a number of good examples of Local Development Corporations, local housing companies and/or joint venture models building mixed sites, which include new market housing for sale or private rent, as well as affordable housing. We welcome innovations like these, and want more local authorities to get building. To that end we will seek to address the issues that hold them back. **However, we want to see tenants that local authorities place in new affordable properties offered equivalent terms to those in council housing, including a right to buy their home.***

Delivering Housing: models in use

- HRA new build
- Development agreements
- Lease back vehicles
- Authority loans to Housing Providers
- Joint ventures:
 - Contractual
 - Corporate
- Special Purpose Vehicles
 - Housing Delivery
 - Housing Services

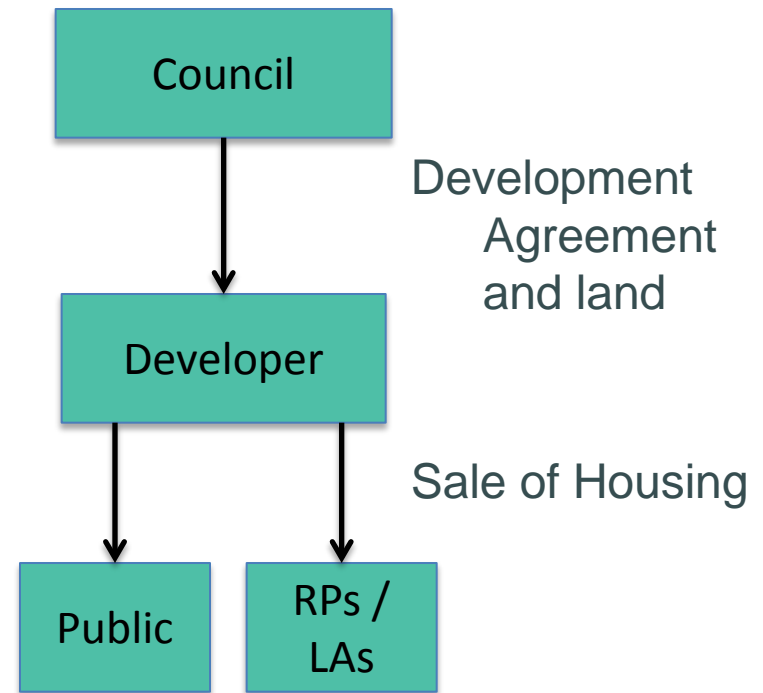
Direct Build

- Construction agreements
- Owned and controlled by Council
- Within HRA



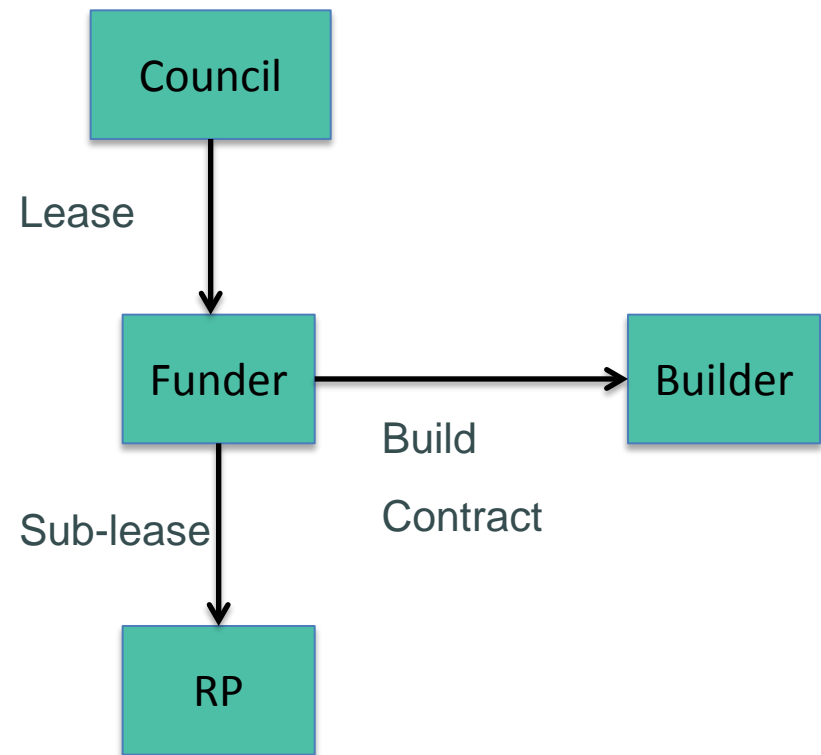
Development transactions

- Buy now pay later?
- Trigger for payment
- Indexation of purchase price
- Security for payment and fundability
- Restrictions contained in the security
- Release of security



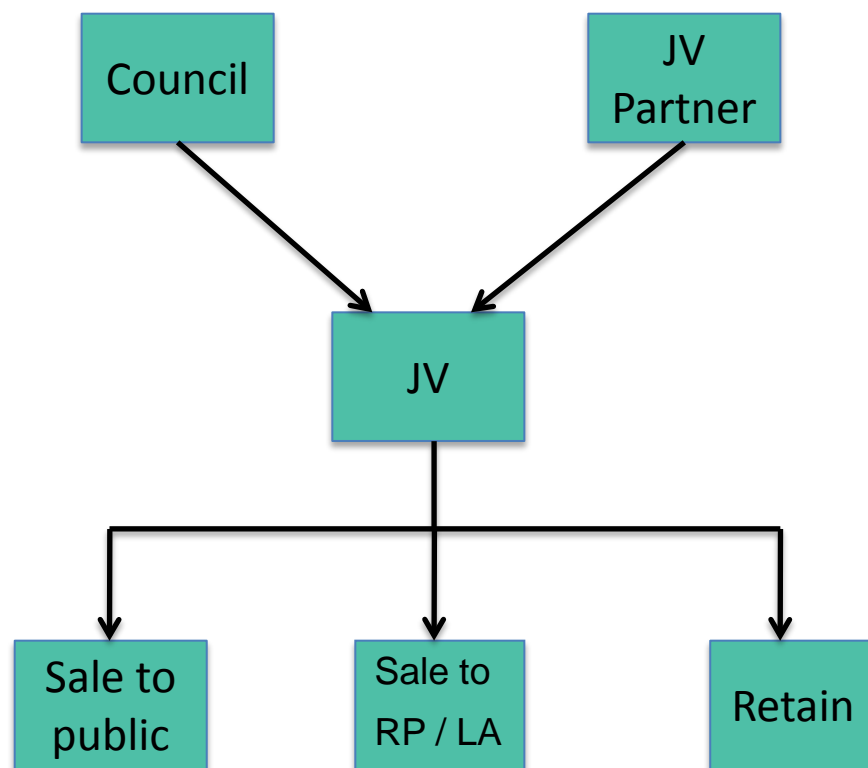
Investment Models for funding affordable housing development

- ‘Aviva’ type model
- Site ownership
- Issues for the public sector and RPs
 - Procurement
 - Consent to transfer land

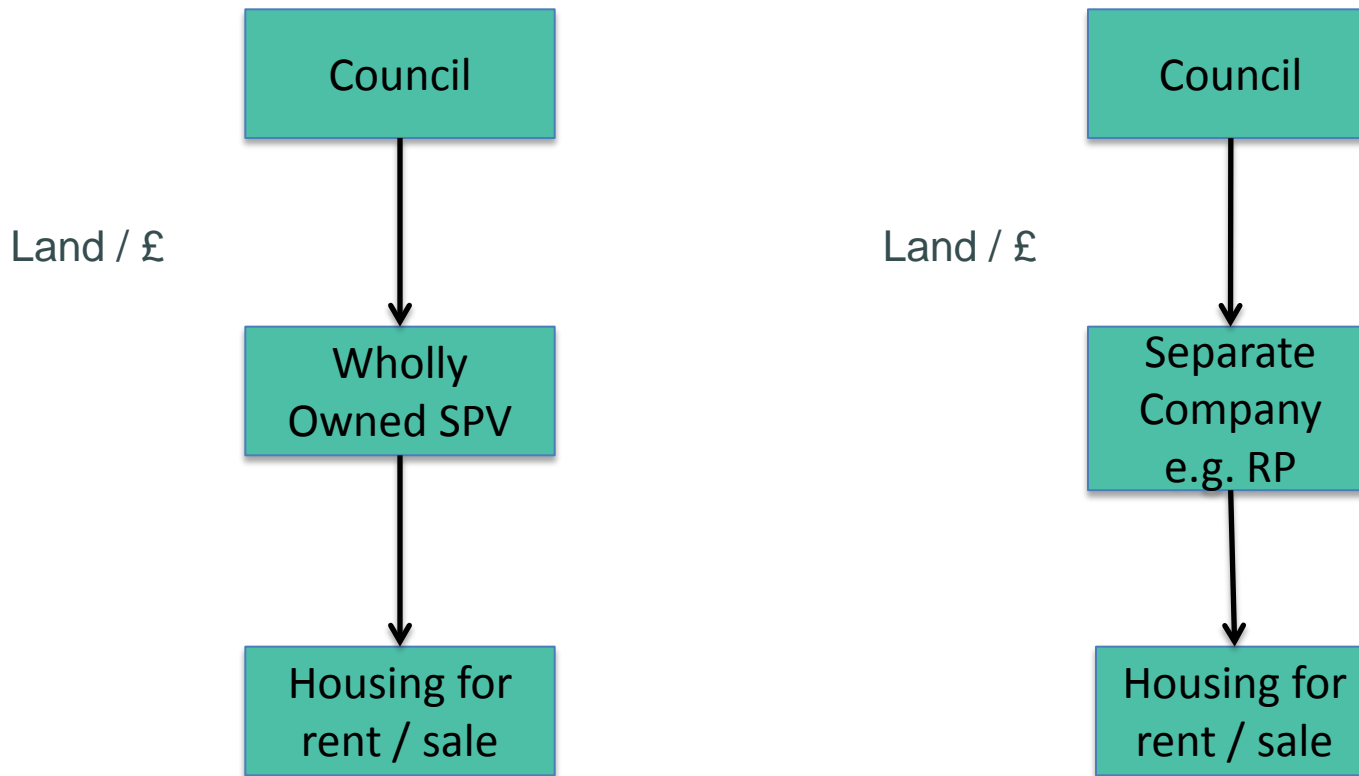


Joint Venture Local Housing Company

- Contractual Joint Ventures
- Corporate Joint Ventures
- Shared Services?
- Risk and reward share



Special Purpose Vehicle Local Housing Company



Joint Venture vs Wholly Owned Subsidiary

Joint Venture

- Two parties putting something in and getting something out
- Share of risk and reward
- Procurement?

Special Purpose Vehicle

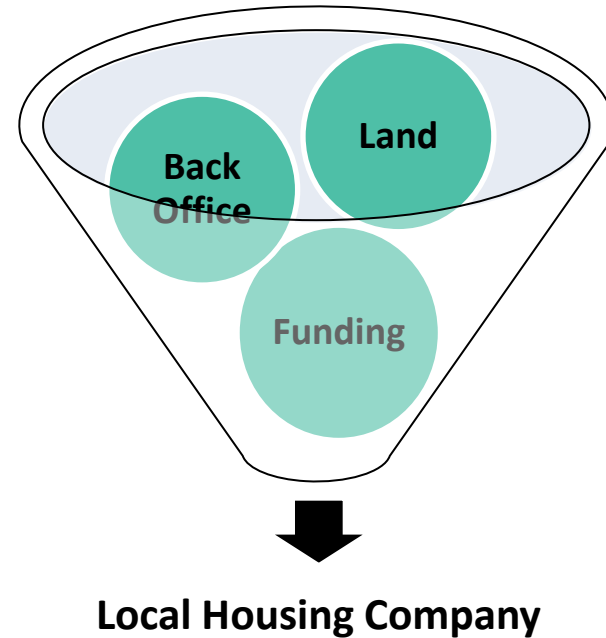
- Wholly owned
- The Authority alone is putting in and getting out
- Sole risk and reward
- Procurement?

Do you need a new delivery structure?

- What is driving the review?
- Who will services or housing delivery be provided for?
- Do you expect to procure?
- How much control does the Authority want?
- What resources will the Authority provide?
- What inputs are needed from others?
- Market appetite?
- Do you have an existing Company you can use?

Powers to set up a Local Housing Company

- Power of General Competence
- Local Government Act 2003
- Restrictions:
 - Local Authorities (Land) Act 1963
 - Local Government Act 1988
 - Housing Acts
- Housing and Planning Act?
- Procurement and State Aid considerations



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