

Financing Council Newbuild: From Words into Action

Workshop: The Legal Framework for Council Building

2.15pm – 3.15pm

Judith Barnes, Partner, Eversheds LLP

Also, John Kerr-Brown, Warrington Council

26th March 2009

Building New Homes

*What is stopping
local authorities?*



Who Builds?

- The Council
- ALMO
- RSL
- Developer – private / affordable
- Local Housing Company
- Local Asset Backed Vehicle
- Anyone else?

Powers

- Part II Land, s32 Housing Act 1985 – dispose and mortgage, subject to SoS consent
- S9 Housing Act 1985 (erecting, converting or acquiring)
- Local Authorities (Land) Act 1963 and mortgages for developers
- Establish and provide financial assistance to RSL HA 1996 s22 and HA Act 1958 for unregistered
- S435 Housing Act 1985 advance money to acquire or construct dwellings

Powers

- Wellbeing may play a part, ie regeneration benefits etc
- Mortgages and Financial Assistance s24/25 Local Government Act 1988 for privately let housing with SoS consent
- PFI schemes

NB: SDLT / VAT / Tax and State Aid could all be relevant

Financial Issues

- Prudential Regime
- Borrowing
- Housing Capital Receipts
 - Pooling (75% dwelling / 50% land, less costs and allowances)
- Consultation (closes 17.04.09) on excluding new council housing from HRA Subsidy and Pooling
 - New s80B LGHA 1989 inserted by Housing & Regeneration Act 2008

Questions & Discussion

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