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# Local Authority Housing Delivery Vehicles and Development

Delivered by

Clive Bleasdale and Tom Starkey from Weightmans  
LLP

# INTRODUCTION

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- Agenda
  - 9.30-9.45 Arrival
  - 9.45-10 Introduction
  - 10-11.15 Clive Bleasdale
  - 11.15-11.30 Break
  - 11.30-12.45 Tom Starkey
  - 1.00-Lunch

# Clive Bleasdale

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**leads our real estate local government team specialising in large, complex and high value property development and regeneration projects for local authorities.**

**These projects include commercial development as well as housing led projects with challenges to their delivery and has been involved in several innovative recent schemes for local authorities and is advising currently on delivery vehicle options on another.**

# Sale of land-Valuation

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- S.123 considerations
- Position under statute
- ODPM guidance
- What is market value

# Self development/delivery of housing by local authorities

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- Delivery

-JOINT VENTURE

-WHOLLY OWNED HOUSING DELIVERY COMPANY

-IN HOUSE

# Self development/delivery of housing by local authorities

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## Funding

- PRUDENTIAL BORROWING
- HELP TO BUY
- SHARED EQUITY
- STAIRCASE LEASING ARRANGEMENTS
- SECOND CHARGE

# DUE DILIGENCE CONSIDERATIONS

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- Title-covenants/appropriation
- Survey-structural/rights of light/environmental
- Environmental
- Funding
- Disposal documentation
- Infrastructure agreements
- Tenant decant

# **Building leases and use of other leases in development deals**

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- **optimising the leasing structure and form of lease**
  - Building Lease**
  - Building Licence**
  - Rack rent lease**
  - Plot sales**



# Tom Starkey

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**Tom leads our Real Estate practice in respect of acting for registered providers and has extensive experience of this sector. He also acts for non-charitable subsidiaries of registered providers. The work of Tom and his team includes site acquisitions, acquisitions of tenanted portfolios, disposals, regeneration work often involving multiple parties. He also deals with distressed properties, transacting with Receivers. He is also familiar with Home Ownership initiatives, Rights to Buy and Acquire and commercial landlord and tenant matters where registered providers are involved.**

# “Golden Brick” transactions and how they can work

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# What does Golden Brick look like?

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- Disposal of partially completed qualifying building by way of transfer or long lease (21 years +)
- Development Agreement
- Sale must be by the person constructing the building

# Why Proceed under Golden Brick?

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- Zero rating vs Exempt Rating
- Refusal of Seller to accept disapplication of VAT (Registered Provider) VAT 1614G
- Potential other tax benefits
- Developer Cash Flow (stage payments)
- Minimise DLR registration delays

# Why Proceed under Golden Brick?

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- Tax saving for RP on Land Price
- Tax saving for Developer on related costs (input tax)
- Win win

# Other Tax Efficient Development Models

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- Devco and group structures
- TOGC – once construction is already under way

# Practical examples of dealing with registered providers

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- Characteristics
- Finance
- Regulation

# Practical examples of dealing with registered providers

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- Case Studies and transaction shapes



# Questions ?

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