



Stock rationalisation advice for a housing association

Situation

The deal involved our registered provider client disposing of 700 properties with a capital value of around £45m in the South Hampshire area and acquiring 710 properties for general needs, housing for older people, leasehold and market rent in North and West Hampshire, with a balancing payment to be made and involving a number of shared ownership units and considering the TUPE regulations.

Challenge

We had to consider how best to deal with any properties in the course of construction at the date of completion. The benefit of any construction documentation was assigned to the Buyer with effect from completion, the transferring RP agreeing to pursue remedies under those documents at the expense of the recipient RP. As this rationalisation involved a lot of properties and deals, there were a lot of moving parts and it was crucial to keep on track of everything and meet all the desired time scales.

Solution

Capsticks liaised closely with the client to ensure the timing and appropriateness of resident consultation. We suggested to the client that they needed to deal with the apportionment of the cost of the purchase price where units to be constructed were to be sold as shared ownership units. Our advice to the client to vary a number of section 106 agreements was beneficial because it meant they would be suitable security for a lender from completion.

The whole process exposed titles in need of regularisation and in particular, we advised our client to complete the transfer of open space land demanded by an existing section 106 agreement, resulting in a phased completion for those units affected. Our specialism in both health and housing helped in respect of properties let to the elderly, where we agreed a new Capital Grant Agreement and Legal Charge with NHS England prior to taking on the units. As with every stock rationalisation programme, we provided appropriate liaison with the client to ensure the relevant disposal consents are received in a timely fashion from the HCA.

Outcome

This case highlights the importance of the weekly conference calls to ensure the matter remains moving forward within desired timescales and to assess whether particular issues raised can be resolved in time or whether a phased completion needs to be considered.

This deal highlighted particularly the need for properties to be available to charge at the point of acquisition and where they are not, to delay the acquisition of those properties until they are suitable security for a lender. We previously advised in relation to consents required under s172 Housing & Regeneration Act and now provide training for clients following de-regulation and what this means and how it affects RPs.

Do you face similar challenges?

CASE PROFILE

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