
STATUTORY INSTRUMENTS

1987 No. 117

LONDON GOVERNMENT

**The London Government Reorganisation
(Housing Association Mortgages) Order 1987**

<i>Made</i>	- - - -	<i>2nd February 1987</i>
<i>Laid before Parliament</i>		<i>6th February 1987</i>
<i>Coming into force</i>	- -	<i>28th February 1987</i>

Whereas the London Residuary Body, acting pursuant to section 67(1)(a) of the Local Government Act 1985(1), has submitted proposals to the Secretary of State for the transfer of certain rights and liabilities (being rights and liabilities of that Body which are likely to subsist for longer than the period of five years beginning with 1st April 1986) to the councils of districts and London boroughs: And whereas the Secretary of State has decided to give effect to those proposals with modifications: Now, therefore, the Secretary of State, in exercise of the powers conferred on him by sections 67(3) and 100(2) and (4) of that Act, and of all other powers enabling him in that behalf, hereby makes the following order:

Citation, commencement and interpretation

1.—(1) This order may be cited as the London Government Reorganisation (Housing Association Mortgages) Order 1987, and shall come into force on 28th February 1987.

(2) In this order—

“the relevant council”, in relation to any mortgaged land, means the council of the district or London borough in which the land is situated, or, if it is situated in the City, the Common Council; and

“the transfer date” —

- (a) is 28th February 1987 in relation to any mortgage in connection with a project in respect of which the London Residuary Body has made an advance before that date, and
- (b) is 30th April 1987 in relation to any other mortgage to which article 2 applies.

Transfer of housing association mortgages

2.—(1) This article applies to any mortgage granted by a housing association to secure a loan by the Greater London Council in connection with a housing project approved by the Secretary of State for the purposes of section 29(1) of the Housing Act 1974(2) other than one in respect of which no housing association grant under section 49(2) or (3) of the Housing Associations Act 1985(3) remains payable.

(2) Subject to article 4, all rights and liabilities of the London Residuary Body in respect of any mortgage to which this article applies, and all records relating exclusively to such rights and liabilities, shall on the transfer date vest in the relevant council on the terms mentioned in paragraph (3).

(3) In relation to any mortgage to which this article applies, the relevant council shall pay to the London Residuary Body a sum equal to the aggregate of all amounts outstanding by way of principal and interest in respect of advances made to the association by that Body or the Greater London Council.

Prescribed expenditure

3. For the purposes of Part VIII of the Local Government, Planning and Land Act 1980(4) (prescribed expenditure) and notwithstanding section 80 of that Act, the only amount which any relevant council shall be taken to have paid in respect of the transfer by this order of any mortgage to which article 2 applies shall be equal to the amount of principal outstanding on the transfer date in respect of any advance made by the London Residuary Body.

Land situated in more than one area

4. Where in respect of any mortgage to which article 2 applies the mortgaged land is situated in the areas of more than one relevant council—

- (a) the rights, liabilities and records in respect of the mortgage shall vest in those councils jointly on such terms, and
- (b) any amount falling by virtue of article 3 to be treated as prescribed expenditure shall be so treated in respect of each council in such proportion,

as may be agreed between those councils or, failing such agreement, determined by a person so agreed on, or appointed in default of agreement by the Secretary of State; and the sum payable by virtue of article 2(3) shall be recoverable by the London Residuary Body from those councils jointly or severally.

2nd February 1987

Nicholas Ridley
Secretary of State for the Environment

(2) 1974 c. 44. Section 29(1) was repealed by the Housing (Consequential Provisions) Act 1985 (c. 71), Schedule 1, and re-enacted in section 41(1) of the Housing Associations Act 1985 with effect from 1st April 1986.

(3) 1985 c. 69. Section 49(2) and (3) re-enacts in part section 30(1) of the Housing Act 1974 as amended by paragraph 4 of Schedule 18 to the Housing Act 1980 (c. 51).

(4) 1980 c. 65.

EXPLANATORY NOTE

(This note is not part of the order)

Article 2 of this order transfers to the councils of districts and London boroughs any rights and liabilities vested in the London Residuary Body in respect of mortgages by housing associations in connection with projects other than those on which no housing association grant under the Housing Associations Act 1985 remains payable, and makes provision for payments to that Body by such councils in respect of such transfers.

Article 3 makes consequential provision for the treatment of sums payable for the purposes of Part VIII (prescribed expenditure) of the Local Government, Planning and Land Act 1980, and article 4 for the terms of transfer where the land subject to a transferred mortgage is situated in the areas of different councils.