



Housing Act 1980

1980 CHAPTER 51

PART VII

HOUSING: FINANCIAL AND RELATED PROVISIONS

Repairs and improvements

106 Grants for tenants under Part VII of Housing Act 1974

- (1) A local authority may entertain an application for a grant under Part VII of the 1974 Act from a person who has, in relation to his dwelling—
- (a) a protected tenancy or a statutory tenancy ;
 - (b) a secure tenancy ;
 - (c) a tenancy to which section 1 of the Landlord and Tenant Act 1954 applies and of which less than 5 years remain unexpired at the date of the application ;
 - (d) a protected occupancy or statutory tenancy within the meaning of the Rent (Agriculture) Act 1976 ; or
 - (e) a tenancy which satisfies such conditions as may be prescribed,
- but not where the application is for an improvement grant in respect of works required for the provision of a dwelling.
- (2) A local authority may refuse to entertain the application unless it is accompanied by a certificate given by a qualified person and stating his intention that, throughout the period of 5 years beginning with the certified date—
- (a) the dwelling will be let or available for letting as a residence, and not for a holiday, to a person other than a member of the family of the person giving the certificate; or
 - (b) the dwelling will be occupied or available for occupation by a member of the agricultural population in pursuance of a contract of service and otherwise than as a tenant,

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

(disregarding any part of that period in which neither of the above paragraphs applies but the dwelling is occupied by a protected occupier under the Rent (Agriculture) Act 1976).

- (3) A person is qualified to give a certificate for the purposes of subsection (2) if the local authority could (apart from this section) have entertained an application from him.
- (4) Unless the application is accompanied by that certificate, the authority shall not impose any of the grant conditions specified in section 74(2) of the 1974 Act (future letting of a dwelling).
- (5) Expressions defined for the purposes of Part VII of the 1974 Act have the same meanings in this section as they have in that Part.

107 Miscellaneous changes in Part VII of Housing Act 1974

The provisions of Part VII of the 1974 Act relating to local authority improvement, repairs and other grants are amended in accordance with Schedule 12 to this Act (amendments to alter certain conditions of grants, relax other conditions, and make other minor and consequential changes).

108 Disposal of houses after repair, improvement or conversion

- (1) The Secretary of State may, with the consent of the Treasury, make schemes for making contributions out of moneys provided by Parliament to the net cost (as determined under the schemes) to local authorities of disposing of dwellings in cases of the kind mentioned in subsection (2) below.
- (2) Those cases are where an authority—
 - (a) disposes of a house as one dwelling ;
 - (b) divides a house into two or more separate dwellings and disposes of them ; or
 - (c) combines two houses to form one dwelling and disposes of it,
 after carrying out works of repair, improvement or conversion.
- (3) The cost towards which contributions may be made under such a scheme shall not exceed £5,000 for any one dwelling, but the Secretary of State may, by order made with the consent of the Treasury, substitute another amount for £5,000.
- (4) In this section—

" house " includes a flat;

" local authority " means the council of a district or London borough, the Greater London Council, the Common Council of the City of London or the Council of the Isles of Scilly.
- (5) Section 79 of the 1974 Act (payment of improvement contributions to housing authorities) is hereby repealed.

109 General improvement areas, housing action areas and priority neighbourhoods

- (1) The enactments relating to general improvement areas and housing action areas are amended in accordance with Schedule 13 to this Act.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (2) Part VI of the 1974 Act (priority neighbourhoods) shall cease to have effect but without prejudice to the status of any land as part of a priority neighbourhood declared before the commencement of this section.
- (3) Section 29B of the 1969 Act (incorporation of priority neighbourhood into general improvement area) shall cease to have effect; but—
 - (a) any land comprised in a priority neighbourhood declared before the commencement of this section shall cease to be such land on the area comprising the land becoming a general improvement area; and
 - (b) this subsection does not affect the operation of section 29B in any case where a preliminary resolution under that section was passed before the commencement of this section.

Mortgages and home ownership

110 Local authority mortgage interest rates

- (1) Where, after the commencement of this subsection, a local authority—
 - (a) advances money for any of the purposes mentioned in subsection (2) below ;
or
 - (b) on the disposal of any dwelling-house, allows or has to allow any sum to be left outstanding on the security of the dwelling-house; or
 - (c) takes a transfer of a mortgage in pursuance of section 111 of this Act;the provision to be made by it with respect to interest on the sum advanced or remaining outstanding shall comply with the following provisions of this section, unless the advance, disposal or transfer is made in pursuance of a binding contract entered into before the commencement of this subsection or entered into by the acceptance of an offer made by the local authority which was capable of being accepted before the commencement of this subsection.
- (2) The purposes mentioned in subsection (1)(a) above are—
 - (a) acquiring a house ;
 - (b) constructing a house ;
 - (c) converting another building into a house or houses or acquiring another building and converting it into a house or houses;
 - (d) altering, enlarging, repairing or improving a house ; and
 - (e) facilitating the repayment of an amount outstanding on a previous loan made for any of the purposes specified in paragraphs (a) to (d) above ;and " house " in this subsection has the same meaning as in the Housing (Financial Provisions) Act 1958.
- (3) The rate of interest shall be whichever is for the time being the higher of the following, namely—
 - (a) the standard national rate (as defined in subsection (4) below); and
 - (b) the applicable local average rate (as defined in subsection (5) below);and shall be capable of being varied by the local authority whenever a change in either or both of those rates requires it; and the amount of the periodic payments shall be capable of being varied correspondingly.

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (4) The standard national rate is the rate for the time being declared as such by the Secretary of State after taking into account interest rates charged by building societies in the United Kingdom and any movement in those rates.
- (5) The applicable local average rate is whichever of the two rates for the time being declared by the local authority in accordance with subsection (6) below is applicable.
- (6) A local authority shall for such period not exceeding six months and beginning at the commencement of subsection (1) above as it may determine and for every subsequent period of six months declare, on a date falling within the month immediately preceding that period, a rate applicable to the advances and transfers mentioned in subsection (1) (a) and (c) above and a rate applicable to the sums left outstanding as mentioned in subsection (1)(6) above; and—
- (a) the rate applicable to those advances and transfers shall be a rate exceeding by \ per cent, that which the authority estimates it has to charge in order to service the loan charges on money borrowed or to be borrowed by the authority for the purpose of such advances and transfers; and
 - (b) the rate applicable to the sums left outstanding shall be a rate exceeding by \ per cent, the average, on the date the rate is declared, of the rates at which all loan charges debited to the authority's appropriate account are serviced.
- (7) The appropriate account for the purposes of paragraph (b) of subsection (6) above is—
- (a) for sums left outstanding on the disposal of dwelling houses held by a local authority under Part V of the 1957 Act, the authority's Housing Revenue Account; and
 - (b) for any other sums left outstanding, the general fund if the authority is the Greater London Council or the Council of the Isles of Scilly, the county fund if it is the council of a county, the general rate if it is the Common Council of the City of London and the general rate fund in any other case ;
- and in that subsection " loan charges " has the meaning given by section 104(3)(b) of the 1972 Act (or, in relation to the council of a county, the meaning that would be so given if the council were a housing authority within the meaning of that Act).
- (8) Where, on any such change as is mentioned in subsection (3) above, a rate of interest is capable of being varied, the local authority shall vary it and shall serve on the person liable to pay the interest notice in writing of the variation not later than two months after the change; and the variation shall take effect with the first payment of interest due after a date specified in the notice, which—
- (a) if the variation is a reduction, shall be not later than one month after the change ; and
 - (b) if the variation is an increase, shall be not earlier than one month nor later than three months after the service of the notice.
- (9) On a variation, in accordance with subsection (8) above, of a rate of interest the local authority may make a corresponding variation of the periodic payments, which shall be notified and take effect together with the variation of the rate of interest; and it shall do so if otherwise the period over which the repayment of principal is to be made would be reduced below the period fixed when the mortgage was effected.
- (10) The Secretary of State may by notice in writing to a local authority direct it to treat a rate specified in the notice as being the higher of the rates mentioned in subsection (3) above, either during a period specified in the notice or until further notice, and may by

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

a further notice in writing vary or withdraw any direction so given ; and where such a direction is given the preceding provisions of this section shall have effect accordingly.

- (11) This section shall not prevent a local authority, if the conditions stated in subsection (12) below are satisfied, from giving assistance to a person acquiring a house in need of repair or improvement by making provision for waiving or reducing, for a period ending not later than five years after the date of the advance mentioned in subsection (1)(a) above or the disposal mentioned in subsection (1)(b) above, the interest payable on the sum advanced or remaining outstanding and for dispensing during that period with any repayment of principal.
- (12) The conditions mentioned in subsection (11) above are that—
- (a) the assistance is given in accordance with a scheme which either has been approved by the Secretary of State or conforms with such requirements as may be specified in an order made by the Secretary of State with the consent of the Treasury ; and
 - (b) the person acquiring the house has entered into an agreement with the local authority to carry out, within a period specified in the agreement, such works of repair or improvement as are so specified.
- (13) This section shall not prevent a local authority from giving assistance in the manner provided by section 1(4)(b) of the Home Purchase Assistance and Housing Corporation Guarantee Act 1978 (part of certain loans to be free of interest for up to five years).
- (14) This section does not apply to loans made by local authorities to housing associations under section 119 of the 1957 Act.
- (15) In this section " local authority " means the council of a county, the council of a district or London borough, the Greater London Council, the Common Council of the City of London or the Council of the Isles of Stilly.

111 Local authority and Housing Corporation indemnities for building societies

- (1) Local authorities and the Housing Corporation may, with the approval of the Secretary of State, enter into agreements with building societies lending on the security of house property whereby, in the event of default by the mortgagor, and in circumstances and subject to conditions specified in the agreements, an authority or the Corporation binds itself to indemnify the building society in respect of—
- (a) the whole or part of the mortgagor's outstanding indebtedness ; and
 - (b) any loss or expense falling on the building society in consequence of the mortgagor's default.
- (2) In subsection (1) above " house property " means any property which is a house for the purposes of the Housing (Financial Provisions) Act 1958.
- (3) The agreement may also, where the mortgagor is made party to it, enable or require the authority or the Corporation in specified circumstances to take a transfer of the mortgage and assume rights and liabilities under it, the building society being then discharged in respect of them.
- (4) The transfer may be made to take effect—

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (a) on any terms provided for by the agreement (including terms involving substitution of a new mortgage agreement or modification of the existing one); and
 - (b) so that the authority or the Corporation are treated as acquiring (for and in relation to the purposes of the mortgage) the benefit and burden of all preceding acts, omissions and events.
- (5) The Secretary of State may under subsection (1) approve particular agreements or give notice that particular forms of agreement have his approval; and—
- (a) he may in either case make the approval subject to conditions;
 - (b) he shall, before giving notice that a particular form has his approval, consult the Chief Registrar of Friendly Societies and such organisations representative of building societies and local authorities as he thinks expedient.
- (6) In this section " local authority " means a county or district council, the Greater London Council, a London borough council, the Common Council of the City of London or the Council of the Isles of Scilly.
- (7) In this section " building society " means a society within the Building Societies Act 1962 or the Building Societies Act (Northern Ireland) 1967.
- (8) Section 16(3) and (5) of the Restrictive Trade Practices Act 1976 (recommendations by services supply association to members) shall not apply to recommendations made to building societies about the making of agreements under this section, provided that the recommendations are made with the approval of the Secretary of State, which may be withdrawn at any time on one month's notice.

112 Vesting of mortgaged property by local authorities

- (1) The following provisions of this section apply where, before the commencement of section 91(1) above, a local authority has sold any property under the powers of section 104(1) of the 1957 Act and—
- (a) part of the price was secured by a mortgage on the property; and
 - (b) such a condition was imposed on the sale as is mentioned in section 104(3) (c) of that Act (right of pre-emption) ; and
 - (c) the period during which the authority has the right to re-acquire the property under that condition has not expired.
- (2) If the authority as mortgagee has become entitled to exercise the power of sale conferred by section 101 of the Law of Property Act 1925 or by the mortgage deed, it may, if the county court gives it leave to do so, by deed vest the property in itself—
- (a) for such estate and interest in the property as is the subject of the mortgage or as it would be authorised to sell or convey under that Act on exercising its power of sale; and
 - (b) freed from all estates, interests and rights to which the mortgage has priority, but subject to all estates, interests and rights which have priority to the mortgage.
- (3) Accordingly, on the vesting of the property the authority's mortgage term or charge by way of legal mortgage, and any subsequent mortgage term or charge, shall merge or be extinguished as respects the property vested.
- (4) Where the title to the property is registered under the Land Registration Acts 1925 to 1971 the Chief Land Registrar shall, on application being made to him by the local

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

authority, register the authority as proprietor of the property, free from all estates, interests and rights to which its mortgage had priority, and he shall not be concerned to inquire whether any of the requirements of this and the following section were complied with.

- (5) Where a local authority conveys the property, or part of it, to any person—
 - (a) he shall not be concerned to inquire whether any of the provisions of this or the following section were complied with; and
 - (b) his title shall not be impeachable on the ground that the property was not properly vested in the authority or that those provisions were not complied with.
- (6) Where application for leave under this section is made to the county court, the county court may adjourn the proceedings or postpone the date for the execution of the local authority's deed for such period or periods as the court thinks reasonable.
- (7) Any such adjournment or postponement may be made subject to such conditions with regard to payment by the mortgagor of any sum secured by the mortgage or the remedy of any default as the court thinks fit; and the court may from time to time vary or revoke any such condition.
- (8) Property vested under this section shall be treated as acquired under Part V of the 1957 Act.

113 Compensation and accounting under s. 112

- (1) Where, under section 112 above, a local authority has vested any property in itself it shall appropriate a fund equal to the aggregate of—
 - (a) the price at which the authority could have re-acquired the property by virtue of the condition mentioned in section 112(1)(b) above; and
 - (b) interest on that price for the period beginning with the vesting and ending with the appropriation at the rate or rates prescribed for that period under section 32 of the Land Compensation Act 1961.
- (2) The fund shall be applied—
 - (a) first, in discharging, or paying sums into court for meeting, any prior incumbrances to which the vesting is not made subject;
 - (b) secondly, in recovering costs, charges and expenses properly incurred by the authority as incidental to the vesting of the property; and
 - (c) thirdly, in recovering the mortgage money, interest, costs, and other money (if any) due under the mortgage ;and any residue then remaining in the fund shall be paid to the person entitled to the mortgaged property, or who would have been entitled to give receipts for the proceeds of sale of the property if it had been sold in exercise of the power of sale.
- (3) Section 107(1) of the Law of Property Act 1925 (mortgagee's written receipt sufficient discharge for money arising under power of sale) applies to money payable under this section as it applies to money arising under the power of sale conferred by that Act.

114 Subsidised home loans-amendments as to options

- (1) If an option notice under Part II of the Housing Subsidies Act 1967 (subsidised loans for house purchase and improvement) is given—

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (a) with the qualifying lender's agreement and in such circumstances or in such cases or descriptions of case as may be specified in directions given by the Secretary of State; or
 - (b) not earlier than twelve months after the date of the repayment contract;
- it shall have effect notwithstanding that the conditions specified in section 24(3) (a) and (b) of the Act are not satisfied.
- (2) An option notice given under subsection (1) above takes effect from the first day of April falling not less than three months after the notice is given; but if it is given under subsection (1)(a) above and it is so agreed between the borrower and the qualifying lender, it takes effect on the first day of such month beginning not less than three months after it is given as is so agreed.
- (3) An option notice may be cancelled as from any end of March falling not less than twelve months after the date of the repayment contract by a notice given by the borrower to the lender not less than three months before the cancellation.
- (4) Unless authorised by order under subsection (5) below—
- (a) an option notice given by virtue of subsection (1)(b) above cannot be cancelled by a notice under subsection (3) above; and
 - (b) where an option notice has been cancelled under subsection (3) above no further option notice can be given under subsection (1)(b) above in respect of the same repayment contract.
- (5) If it appears to the Secretary of State appropriate to do so having regard to any material change in taxation or other conditions likely to affect a borrower's decision whether or not to take a subsidised loan, he may by order authorise the giving or cancellation of option notices in accordance with subsections (1) to (3) above in such circumstances or descriptions of case as may be specified in the order.
- (6) An order under subsection (5) above shall not authorise the giving of any option notice or of a notice cancelling an option notice later than twelve months after the end of the year in which the order is made.
- (7) A notice under subsection (3) above must be in writing and in such form as the Secretary of State may direct; and the reference in that subsection to the borrower includes persons in whom the rights and obligations under the repayment contract are for the time being vested.
- (8) Before making an order under subsection (5) above the Secretary of State shall have such consultations with qualifying lenders or organisations representative of them as he thinks appropriate having regard to the purposes of the proposed order.
- (9) This section shall be construed, and Part II of the Act of 1967 shall have effect, as if this section were contained in that Part.

115 Subsidised loans-further application of Part II of 1967 Act

- (1) In relation to a loan which satisfies the two conditions stated in subsections (2) and (3) below Part II of the Housing Subsidies Act 1967 shall have effect as if the loan were for or in connection with one or more of the purposes specified in section 24(1) (b) of that Act.
- (2) The first condition is that the loan—

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (a) is made as part of a scheme under which not less than nine-tenths of the proceeds of the loan are applied to the purchase by the person or persons to whom it is made of an annuity—
 - (i) ending, if the loan is made to one person, with his life or with the life of the survivor of two or more persons who include that person, and
 - (ii) ending, if the loan is made to more than one person, with the life of the survivor of two or more persons who include the persons to whom the loan is made; or
 - (b) was made under such a scheme before the commencement of this section.
- (3) The second condition is that each of the persons mentioned in subsection (2) above has attained the age of sixty-five years at the time the loan is made (or, if the loan was made before the commencement of this section, had attained that age at the time the loan was made).

116 Other amendments relating to subsidised loans

- (1) Part II of the Housing Subsidies Act 1967 is amended as shown in Schedule 14 (amendments to make new or altered provision about the conditions on which subsidised loans are to be available, the duration of subsidy and the bodies who are to be qualifying lenders).
- (2) Where a guarantee in respect of an advance by a building society to a borrower in Northern Ireland is given by an insurance company in pursuance of arrangements made under Article 14 of the Housing (Northern Ireland) Order 1978 (guarantee of advances in excess of normal amount)—
 - (a) the guarantee is to be regarded as an appropriate policy for the purposes of section 33(1) of the Building Societies Act 1962 (advances for the payment of certain premiums); and
 - (b) section 26(3) of that Act (which limits the amount of an advance where certain guarantees are given) does not apply to the guarantee.

Other provisions about local authority housing finance

117 Rent allowance and rent rebate subsidy

- (1) The amount of rent allowance subsidy payable to a local authority (for the credit of the general rate fund) shall be 90 per cent, of the authority's standard amount of rent allowances for the year, as defined by section 20(8) of the 1972 Act.
- (2) In section 3 of the 1975 Act (modified rent rebate subsidy)—
 - (a) in subsection (3) (rate of subsidy) "90 per cent." is substituted for " 75 per cent. "; and
 - (b) in subsection (4)(a) (rate fund contribution) " 10 per cent." is substituted for " 25 per cent. ".
- (3) A local authority's rate fund contribution under section 3(4) of the 1975 Act, so far as payable under paragraph (a) of that subsection (percentage of standard amount of rent rebates), is not to count as relevant expenditure for the purposes of section 1 of the Local Government Act 1974 (rate support grant).

Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.

- (4) In section 19(2) of the Development of Rural Wales Act 1976 (rate of rent rebate subsidy payable to the Development Board for Rural Wales), " 90 per cent." is substituted for " 75 per cent. ".
- (5) This section applies in respect of subsidies payable for 1981-82 and subsequent years.

118 Rent rebates and allowances

Part II of the 1972 Act (rent rebates and allowances) shall have effect, in relation to the operation of rebate and allowance schemes after such date as the Secretary of State may by order appoint, subject to the amendments set out in Schedule 15 to this Act.

119 Rent rebates etc. and supplementary benefits

- (1) Except in accordance with directions of the Secretary of State, no rebate or allowance shall be paid by an authority under or by virtue of Part II of the 1972 Act to any person if, to the authority's knowledge—
 - (a) he is receiving supplementary benefit; or
 - (b) his income or resources fall to be aggregated under the 1972 Act or the Supplementary Benefits Act 1976 with those of another person who is receiving that benefit.
- (2) The Secretary of State may also give directions modifying the application of Part II of the 1972 Act (including Schedules 3 and 4) in circumstances where a person's entitlement to rebate or allowance is or may be affected by subsection (1) or directions under it.
- (3) Authorities shall supply the Secretary of State with such information in their possession as may be required to give effect to the Supplementary Benefits Act 1976; and the Secretary of State shall supply authorities with such information concerning claims for and payments of supplementary benefits as authorities may require to give effect to their rebate and allowance schemes.
- (4) Part II of Schedule 3 to the 1972 Act and Part II of Schedule 4 to that Act (provisions superseded by this section regarding relationship between supplementary benefits and rent rebates and allowances) are hereby repealed.
- (5) In this section " authority " means any of those bodies which under Part II of the 1972 Act operate rent rebate or rent allowance schemes; and " supplementary benefit" means the same as in that Part of that Act.
- (6) In section 22 of the 1972 Act (permitted totals of rent rebates and allowances) after subsection (1) there are inserted the following subsections—
 - “(1A) The Secretary of State may, on application by an authority, direct that the authority's permitted total of rebates or allowances for such period as may be specified in the direction shall be such proportion of their standard amount of rent rebates or, as the case may be, standard amount of rent allowances, greater than 110 per cent., as may be specified in the direction.
 - (1B) Any direction given under subsection (1A) above may be made conditional upon compliance by the authority concerned with such conditions as may be specified in the direction.”