



Housing Grants, Construction and Regeneration Act 1996

1996 CHAPTER 53

PART I

GRANTS, &C. FOR RENEWAL OF PRIVATE SECTOR HOUSING

CHAPTER I

THE MAIN GRANTS

Grant conditions and repayment

44 Grant conditions: introductory

- (1) The following sections have effect with respect to the conditions to be observed where an application for a grant has been approved by a local housing authority.

In this Chapter a “grant condition” means a condition having effect in accordance with any of those sections.

- (2) Except as otherwise provided—
- (a) the grant conditions as to repayment on disposal (sections 45 to 47) have effect from the date on which the application is approved until the end of the grant condition period;
 - (b) the grant conditions as to occupation (sections 48 to 50) have effect from the certified date until the end of the grant condition period; and
 - (c) a grant condition imposed under section 52 (power to impose other conditions with consent of Secretary of State) has effect for such period as may be specified in, or in accordance with, the Secretary of State’s consent.
- (3) In this Chapter—

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- (a) the “grant condition period” means the period of five years, or such other period as the Secretary of State may by order specify or as may be imposed by the local housing authority with the consent of the Secretary of State, beginning with the certified date; and
 - (b) the “certified date” means the date certified by the local housing authority as the date on which the execution of the eligible works is completed to their satisfaction.
- (4) A local housing authority may not impose any condition requiring a grant to be repaid except in accordance with the following sections.

This applies whether the condition purports to operate as a condition of the grant, as a personal covenant or otherwise.

45 Condition for repayment on disposal: renovation grants

- (1) It is a condition of a renovation grant that if an owner of the premises to which the application relates makes a relevant disposal (other than an exempt disposal)—
- (a) of the whole or part of the premises to which the application relates,
 - (b) after any instalment of grant has been paid, and
 - (c) before the certified date,

he shall repay to the local housing authority on demand the amount of grant that has been paid.

- (2) It is a condition of a renovation grant that if an owner of the dwelling to which the application relates or, in the case of a conversion application, any dwelling provided by the relevant works, makes a relevant disposal (other than an exempt disposal)—
- (a) of the whole or part of the dwelling,
 - (b) on or after the certified date, and
 - (c) before the end of the grant condition period,

he shall repay to the local housing authority on demand the amount of grant that has been paid.

In the case of a conversion application the grant shall be treated for this purpose as apportioned equally between the dwellings provided.

- (3) A condition under this section is a local land charge and is binding on any person who is for the time being an owner of the premises concerned.
- (4) Where the authority have the right to demand repayment of an amount as mentioned in subsection (1) or (2), they may—
- (a) if the case falls within subsection (5), or
 - (b) in any other case, with the consent of the Secretary of State,
- determine not to demand payment or to demand a lesser amount.
- (5) The cases referred to in subsection (4)(a) are where the authority are satisfied that the owner of the dwelling—
- (a) is elderly or infirm and is making the disposal with the intention—
 - (i) of going to live in a hospital, hospice, sheltered housing, residential care home or similar institution as his only or main residence, or
 - (ii) of moving to somewhere where care will be provided by any person;
- or

- (b) is making the disposal with the intention of going to live with and care for an elderly or infirm member of his family or his partner's family.
- (6) Any condition under this section shall cease to be in force with respect to any premises if there is a relevant disposal of the premises that is an exempt disposal, other than—
- (a) a disposal within section 54(1)(a) (disposal to associates of person making disposal), or
 - (b) a disposal within section 54(1)(b) (vesting under will or on intestacy).

46 Condition for repayment on disposal: common parts grants

- (1) It is a condition of a common parts grant approved on a landlord's application that if the applicant makes a relevant disposal (other than an exempt disposal)—
- (a) of the whole or part of the building,
 - (b) after any instalment of grant has been paid, and
 - (c) before the certified date,
- he shall repay to the local housing authority on demand the amount of grant that has been paid.
- (2) It is a condition of a common parts grant approved on a landlord's application that if the applicant makes a relevant disposal (other than an exempt disposal)—
- (a) of the whole or part of the building,
 - (b) on or after the certified date, and
 - (c) before the end of the grant condition period,
- he shall repay to the local housing authority on demand the amount of grant that has been paid.
- (3) A condition under this section is a local land charge and is binding on any person who is for the time being a successor in title to the interest in the building by virtue of which the applicant made his application.
- (4) Where the authority have the right to demand repayment of an amount as mentioned in subsection (1) or (2), they may, with the consent of the Secretary of State, determine not to demand payment or to demand a lesser amount.
- (5) Any condition under this section shall cease to be in force with respect to any premises if there is a relevant disposal of the premises that is an exempt disposal.

47 Condition for repayment on disposal: HMO grants

- (1) It is a condition of an HMO grant that if an owner of the house makes a relevant disposal (other than an exempt disposal)—
- (a) of the whole or part of the house,
 - (b) after any instalment of grant has been paid, and
 - (c) before the certified date,
- he shall repay to the local housing authority on demand the amount of grant that has been paid.
- (2) It is a condition of an HMO grant that if an owner of the house makes a relevant disposal (other than an exempt disposal)—
- (a) of the whole or part of the house,

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- (b) on or after the certified date, and
- (c) before the end of the grant condition period,

he shall repay to the local housing authority on demand the amount of grant that has been paid.

- (3) A condition under this section is a local land charge and is binding on any person (other than a local housing authority or registered social landlord) who is for the time being an owner of the house.
- (4) Where the authority have the right to demand repayment of an amount as mentioned in subsection (1) or (2), they may, with the consent of the Secretary of State, determine not to demand payment or to demand a lesser amount.
- (5) Any condition under this section shall cease to be in force with respect to any premises if there is a relevant disposal of the premises that is an exempt disposal.

48 Condition as to owner-occupation: renovation grants

- (1) Where an application for a renovation grant was accompanied by an owner-occupation certificate in respect of any dwelling (see section 8(2)), it is a condition of the grant that throughout the grant condition period the dwelling is occupied in accordance with the intention stated in the certificate.
- (2) It is also a condition of the grant that if at any time when that condition is in force the authority serve notice on the owner of the dwelling requiring him to do so, he will within the period of 21 days beginning with the date on which the notice was served furnish to the authority a statement showing how that condition is being fulfilled.
- (3) A condition under this section is a local land charge and is binding on any person who is for the time being an owner of the dwelling.
- (4) In the event of a breach of a condition under this section, the owner for the time being of the dwelling shall on demand repay to the local housing authority the amount of the grant, together with compound interest on that amount as from the certified date, calculated at such reasonable rate as the authority may determine and with yearly rests.
- (5) The local housing authority may determine not to make such a demand or to demand a lesser amount.
- (6) Any condition under this section shall cease to be in force with respect to the dwelling if there is a relevant disposal of the dwelling that is an exempt disposal, other than—
 - (a) a disposal within section 54(1)(a) (disposal to associates of person making disposal), or
 - (b) a disposal within section 54(1)(b) (vesting under will or on intestacy).

49 Condition as to availability for letting: renovation grants

- (1) Where an application for a renovation grant was accompanied by a certificate of intended letting in respect of any dwelling (see section 8(3)), it is a condition of the grant that throughout the grant condition period the dwelling is let or available for letting in accordance with the intention stated in the certificate.
- (2) It is also a condition of the grant that if at any time within the grant condition period the local housing authority by whom the grant was paid serve notice on the owner of the dwelling requiring him to do so, he will within the period of 21 days beginning on

the date on which the notice was served furnish to the authority a statement showing how the condition in subsection (1) is being fulfilled.

- (3) A condition under this section is a local land charge and is binding on any person (other than a local housing authority or registered social landlord) who is for the time being the owner of the dwelling.
- (4) In the event of a breach of a condition under this section, the owner for the time being of the dwelling shall on demand repay to the local housing authority the amount of the grant, together with compound interest on that amount as from the certified date, calculated at such reasonable rate as the authority may determine and with yearly rests.
- (5) The local housing authority may determine not to make such a demand or to demand a lesser amount.
- (6) The terms of any tenancy of the dwelling (or any part of it, or any property including the dwelling or part of it) shall be deemed to include a duty on the part of the tenant, if required to do so by the owner of the dwelling, to furnish him with such information as he may reasonably require to enable him to comply with a notice under subsection (2).

50 Conditions as to occupation: HMO grants

- (1) It is a condition of an HMO grant that throughout the grant condition period—
 - (a) the house is occupied or available for residential occupation in accordance with the intention stated in the certificate of future occupation that accompanied the application (see section 26(2)); and
 - (b) that the house is not so occupied as to cause—
 - (i) a breach of the duty under section 353A of the Housing Act 1985 (duty to keep premises fit for number of occupants), or
 - (ii) a breach of any direction given by the local housing authority under section 354 of that Act (power to limit number of occupants of house).
- (2) It is also a condition of the grant that if at any time within the grant condition period the local housing authority by whom the grant was paid serve notice on the owner of the house requiring him to do so, he will within the period of 21 days beginning with the date on which the notice was served furnish to the authority a statement showing how the condition in subsection (1)(a) is being fulfilled.
- (3) A condition under this section is a local land charge and is binding on any person (other than a local housing authority or registered social landlord) who is for the time being an owner of the house.
- (4) In the event of a breach of a condition under this section, the owner for the time being of the dwelling shall on demand pay to the local housing authority the amount of the grant, together with compound interest on that amount as from the certified date, calculated at such reasonable rate as the authority may determine and with yearly rests.
- (5) The local housing authority may determine not to make such a demand or to demand a lesser amount.
- (6) The terms of any tenancy of any part of the house shall be deemed to include a duty on the part of the tenant, if required to do so by the owner of the house, to furnish him with such information as he may reasonably require to enable him to comply with a notice under subsection (2).

51 Conditions as to repayment in case of other compensation, &c

- (1) Where a local housing authority approve an application for a grant they may, with the consent of the Secretary of State, impose a condition requiring the applicant to take reasonable steps to pursue any relevant claim to which this section applies and to repay the grant, so far as appropriate, out of the proceeds of such a claim.
- (2) The claims to which this section applies are—
 - (a) an insurance claim, or a legal claim against another person, in respect of damage to the premises to which the grant relates, or
 - (b) a legal claim for damages in which the cost of the works to premises to which the grant relates is part of the claim;

and a claim is a relevant claim to the extent that works to make good the damage mentioned in paragraph (a), or the cost of which is claimed as mentioned in paragraph (b), are works to which the grant relates.
- (3) In the event of a breach of a condition under this section, the applicant shall on demand pay to the local housing authority the amount of the grant so far as relating to any such works, together with compound interest as from such date as may be prescribed by or determined in accordance with the regulations, calculated at such reasonable rate as the authority may determine and with yearly rests.
- (4) The local housing authority may determine not to make such a demand or to demand a lesser amount.

52 Power to impose other conditions with consent of Secretary of State

- (1) Where a local housing authority approve an application for a grant they may, with the consent of the Secretary of State, impose such conditions as they think fit—
 - (a) relating to things done or omitted before the certified date and requiring the repayment to the local housing authority on demand of any instalments of grant paid, or
 - (b) relating to things done or omitted on or after that date and requiring the payment to the local housing authority on demand of a sum equal to the amount of the grant paid;

and, in either case, that amount may be required to be paid together with compound interest on that amount as from the date of payment, calculated at such reasonable rate as the authority may determine and with yearly rests.
- (2) A condition under this section is a local land charge and is binding on—
 - (a) any person who is for the time being an owner of the dwelling, house or building, and
 - (b) such other persons (if any) as the authority may, with the consent of the Secretary of State, specify.
- (3) The reference in subsection (2)(a) to the owner of the building shall be construed—
 - (a) in the case of a grant condition imposed on a landlord's application for a common parts grant, as a reference to the applicant or any successor in title to the interest in the building by virtue of which the applicant made his application;
 - (b) in the case of a grant condition imposed on an application for an HMO grant, as excluding a local housing authority or registered social landlord.

- (4) Where the authority have the right to demand repayment of an amount as mentioned in subsection (1), they may determine not to demand payment or to demand a lesser amount.
- (5) Any conditions imposed under this section are in addition to the conditions provided for by sections 45 to 51.

53 Meaning of relevant disposal

- (1) A disposal is a relevant disposal for the purposes of the provisions of this Chapter relating to grant conditions if it is—
 - (a) a conveyance of the freehold or an assignment of the lease, or
 - (b) the grant of a lease (other than a mortgage term) for a term of more than 21 years otherwise than at a rack rent.
- (2) For the purposes of subsection (1)(b) it shall be assumed—
 - (a) that any option to renew or extend a lease or sub-lease, whether or not forming part of a series of options, is exercised, and
 - (b) that any option to terminate a lease or sub-lease is not exercised.
- (3) The grant of an option enabling a person to call for a relevant disposal shall be treated as such a disposal made to him.

54 Meaning of exempt disposal

- (1) A disposal is an exempt disposal for the purposes of the provisions of this Chapter relating to grant conditions if it is a disposal of the whole or part of the premises to which the application relates of any of the following descriptions—
 - (a) a conveyance of the freehold or an assignment of the lease where the person, or each of the persons, to whom it is made is a qualifying person (as defined in subsection (2));
 - (b) a vesting in a person taking under a will or on an intestacy;
 - (c) a disposal in pursuance of any such order as is mentioned in subsection (3);
 - (d) a compulsory disposal (see subsection (4));
 - (e) a disposal of property consisting of land included in the dwelling by virtue of section 184 of the Housing Act 1985 (land let with or used for the purposes of the dwelling-house);
 - (f) a disposal under which the interest of a person entitled to assistance by way of repurchase under Part XVI of that Act (assistance for owners of defective housing) is acquired in accordance with Schedule 20 to that Act;
 - (g) a disposal by way of enfranchisement or lease extension under Part I of the Leasehold Reform Act 1967;
 - (h) a disposal in pursuance of an obligation arising under Chapter I or II of Part I of the Leasehold Reform, Housing and Urban Development Act 1993;
 - (i) a disposal on the exercise of a right of first refusal under Part I of the Landlord and Tenant Act 1987 or in accordance with an acquisition order under Part III of that Act;
 - (j) a disposal on the exercise of—
 - (i) the right to buy under Part V of the Housing Act 1985, or

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- (ii) the right conferred by section 16 of the Housing Act 1996 (right of tenant of registered social landlord to acquire dwelling);
 - (k) a conveyance of the freehold or an assignment of the lease where—
 - (i) the person making the disposal is aged at least 70,
 - (ii) the disposal is to provide an annuity income, and
 - (iii) the person concerned is entitled to continue to occupy the premises as his only or main residence;
 - (l) a disposal of any other description specified by order of the Secretary of State for the purposes of this section.
- (2) A person is a qualifying person for the purposes of subsection (1)(a) if—
- (a) in the case of an individual, he is—
 - (i) the person, or one of the persons, by whom the disposal is made;
 - (ii) the spouse, or former spouse, of that person or one of those persons; or
 - (iii) a member of the family of that person or one of those persons; or
 - (b) in the case of a company, it is an associated company of the company by whom the disposal is made.
- Section 416 of the Income and Corporation Taxes Act 1988 (meaning of associated company) applies in determining whether a company is an associated company of another for the purposes of paragraph (b).
- (3) The orders referred to in subsection (1)(c) are orders under—
- (a) section 24 or 24A of the Matrimonial Causes Act 1973 (property adjustment orders or orders for the sale of property in connection with matrimonial proceedings);
 - (b) section 2 of the Inheritance (Provision for Family and Dependants) Act 1975 (orders as to financial provision to be made from estate);
 - (c) section 17 of the Matrimonial and Family Proceedings Act 1984 (property adjustment orders or orders for the sale of property after overseas divorce, etc.); or
 - (d) paragraph 1 of Schedule 1 to the Children Act 1989 (orders for financial relief against parents).
- (4) For the purposes of subsection (1)(d) a compulsory disposal is a disposal of property which is acquired compulsorily, or is acquired by a person who has made or would have made, or for whom another person has made or would have made, a compulsory purchase order authorising its compulsory purchase for the purposes for which it is acquired.
- (5) The grant of an option enabling a person to call for an exempt disposal shall be treated as such a disposal made to him.

55 Cessation of conditions on repayment of grant, &c

- (1) If at any time while a grant condition remains in force with respect to a dwelling, house or building—
- (a) the owner of the dwelling, house or building to which the condition relates pays the amount of the grant to the local housing authority by whom the grant was made,

- (b) a mortgagee of the interest of the owner in that dwelling, house or building being a mortgagee entitled to exercise a power of sale, makes such a payment,
 - (c) the local housing authority determine not to demand repayment on the breach of a grant condition, or
 - (d) the authority demand repayment in whole or in part on the breach of a grant condition and that demand is satisfied,
- that grant condition and any other grant conditions shall cease to be in force with respect to that dwelling, house or building.
- (2) In the case of a grant condition imposed on a landlord's application for a common parts grant the references in subsection (1)(a) and (b) to the owner of the building are to the applicant or any such successor in title as is referred to in section 46(3).
 - (3) An amount paid by a mortgagee under subsection (1)(b) above shall be treated as part of the sums secured by the mortgage and may be discharged accordingly.
 - (4) The purposes authorised for the application of capital money by—
 - (a) section 73 of the Settled Land Act 1925,
 - (b) that section as applied by section 28 of the Law of Property Act 1925 in relation to trusts for sale, and
 - (c) section 26 of the Universities and College Estates Act 1925,include the making of payments under this section.