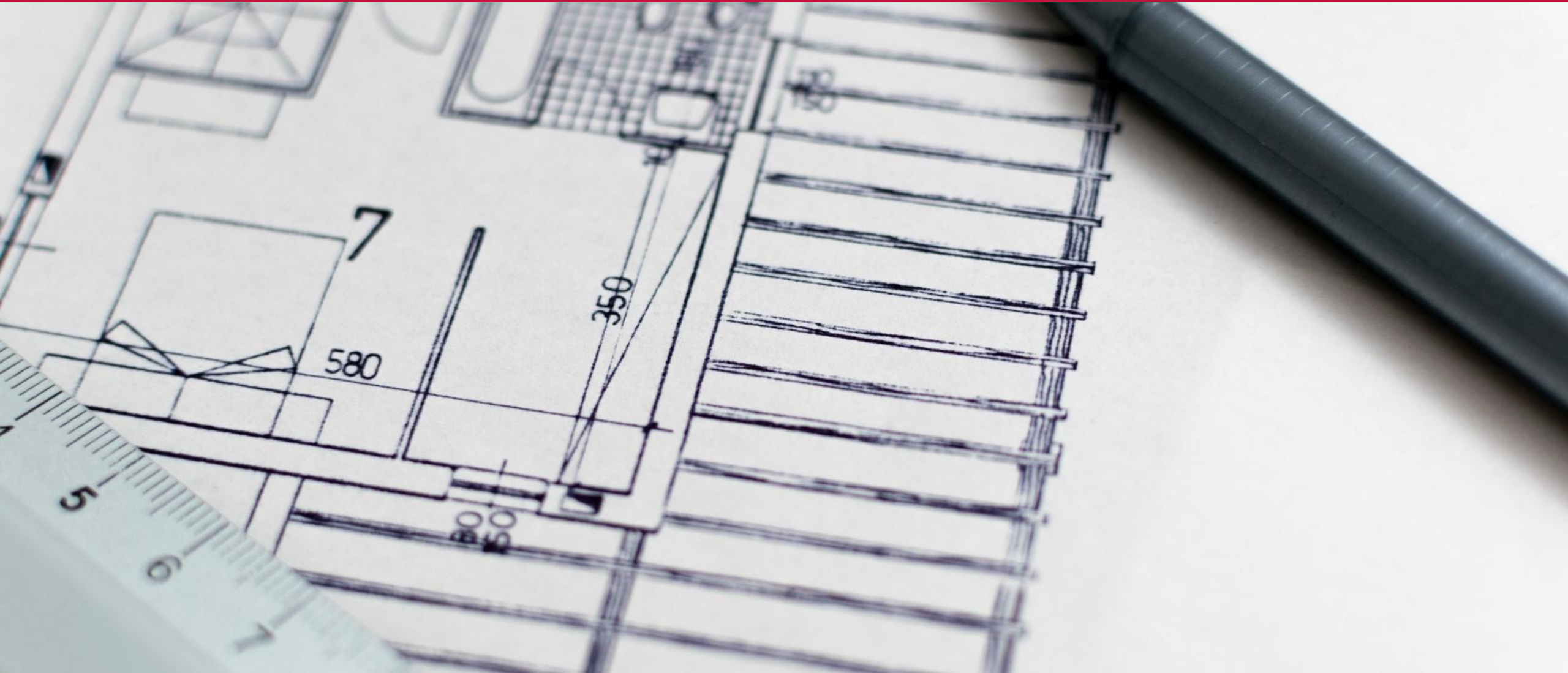


HAPPI HOUR

Investing in Ideal Homes

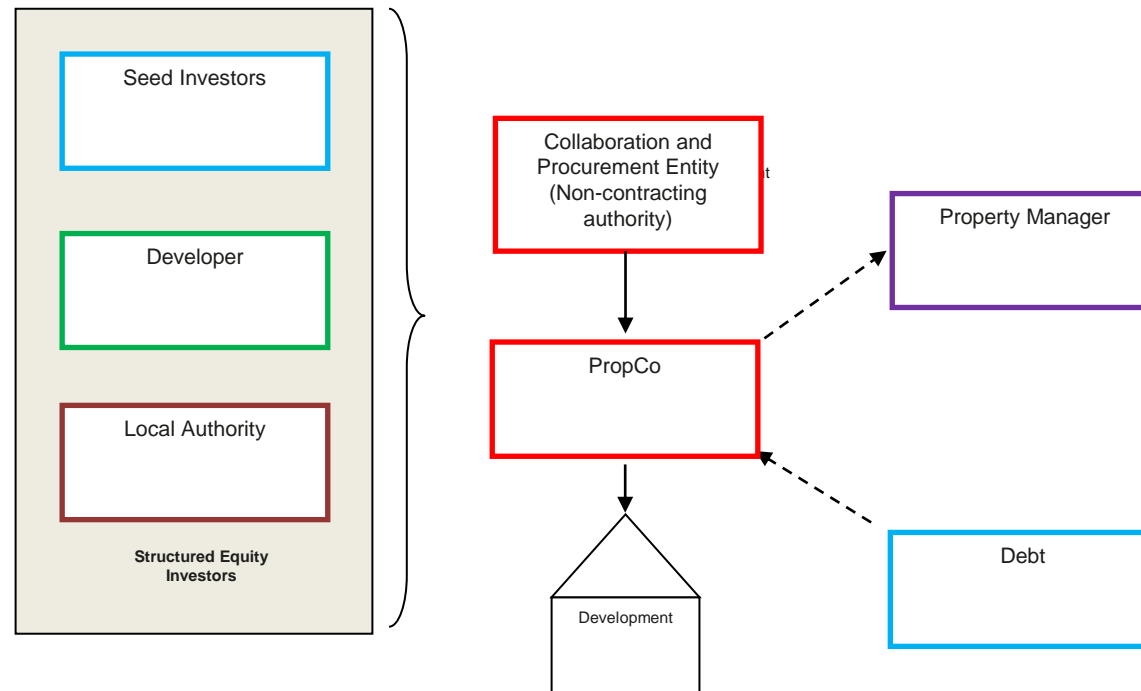
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What matters – overview

- Partnering/Collaboration
- Procurement and State Aid
- Public Works Loan Board
- Potential government grants
- For profit housing associations

Structure



- The joint venture
 - is not a body “governed by public law”
 - it does have an “industrial or commercial” character
- The collaboration entity (if necessary)
 - appoints subcontractors and manages the PropCo on behalf of the joint venture on a “non-pecuniary” basis
 - does not have a public contract with the PropCo and gains no “pecuniary interest” from them
 - has an indemnity against costs and liabilities from the PropCo on a ring-fenced basis

Control (or not) is key

- The PropCo
 - is a passive economic investor only
 - is not controlled by a public body
 - income/capital/risk/timing can be infinitely adjusted among participants
- The collaboration entity
 - cannot be controlled by any single member
 - leads to a development pipeline (not compulsory)
 - manages/outsources activities of the investment
 - investors may have an economic interest in the LLP

Scalability reduces costs

- Set up takes too long and costs too much
- Once the collaboration entity is set up new interested parties can be admitted at will
- New schemes are slotted in at the PropCo level on a standard model
- Control, management, vires and procurement matters are dealt with only once
- Structure issues for Financial Conduct Authority, Accounting (ring-fencing issues) and Companies Act compliance are dealt with only once

- Ring-fenced debt
 - Government assistance/guarantee etc.
 - PWLB (through LA at PropCo level)
 - PWLB funding of the PropCo must be at a “market” rate
- Can have a long lease
 - good for LAs who want to retain freehold but get a long term income stream
- ASTs with Tenants
 - creates a zero VAT rated landlord
 - landlord is not the LA/Institutional Investor
 - LA is an investor only - HRA does not apply

- HCA Grant
 - Reversionary interest trust (RIT) for grant funded tenures
- Charitable LLP investors
- Land Contributions to PropCo
 - If LA owns more than 75% or the PropCo/JV transfers of land from the Council will not be subject to SDLT.
- PropCo can be utilised to make gift-aid donations to eligible investors if necessary (within available distributable profits)
- VAT
 - Property Managers may take equity rather than management fees to minimise VAT

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THANK YOU



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