



Housing Act 2004

2004 CHAPTER 34

PART 6

OTHER PROVISIONS ABOUT HOUSING

CHAPTER 2

DISPOSALS ATTRACTING DISCOUNTS OTHER THAN UNDER RIGHT TO BUY

Disposals by registered social landlords

199 Repayment of discount: periods and amounts payable

(1) For section 11 of the Housing Act 1996 (c. 52) substitute—

“11 Covenant for repayment of discount on disposal

- (1) Where on a disposal of a house by a registered social landlord, in accordance with a consent given by the Relevant Authority under section 9, a discount has been given to the purchaser, and the consent does not provide otherwise, the conveyance, grant or assignment shall contain a covenant binding on the purchaser and his successors in title to the following effect.
- (2) The covenant shall be to pay to the landlord such sum (if any) as the landlord may demand in accordance with subsection (3) on the occasion of the first relevant disposal which is not an exempted disposal and which takes place within the period of five years beginning with the conveyance, grant or assignment.
- (3) The landlord may demand such sum as he considers appropriate, up to and including the maximum amount specified in this section.

Status: This is the original version (as it was originally enacted).

- (4) The maximum amount which may be demanded by the landlord is a percentage of the price or premium paid for the first relevant disposal which is equal to the percentage discount given to the purchaser in respect of the disposal of the house by the landlord.
- (5) But for each complete year which has elapsed after the conveyance, grant or assignment and before the first relevant disposal the maximum amount which may be demanded by the landlord is reduced by one-fifth.
- (6) Subsections (3) to (5) are subject to section 11A.

11A Increase in value of house attributable to home improvements to be disregarded

- (1) In calculating the maximum amount which may be demanded by the landlord under section 11, such amount (if any) of the price or premium paid for the first relevant disposal which is attributable to improvements made to the house—
 - (a) by the person by whom the disposal is, or is to be, made, and
 - (b) after the conveyance, grant or assignment and before the disposal, shall be disregarded.
- (2) The amount to be disregarded under this section shall be such amount as may be agreed between the parties or determined by the district valuer.
- (3) The district valuer shall not be required by virtue of this section to make a determination for the purposes of this section unless—
 - (a) it is reasonably practicable for him to do so; and
 - (b) his reasonable costs in making the determination are paid by the person by whom the disposal is, or is to be, made.
- (4) If the district valuer does not make a determination for the purposes of this section (and in default of an agreement), no amount is required to be disregarded under this section.

11B Liability to repay is a charge on the house

- (1) The liability that may arise under the covenant required by section 11 is a charge on the house, taking effect as if it had been created by deed expressed to be by way of legal mortgage.
- (2) Where there is a relevant disposal which is an exempted disposal by virtue of section 15(4)(d) or (e) (compulsory disposal or disposal of yard, garden, etc.)—
 - (a) the covenant required by section 11 is not binding on the person to whom the disposal is made or any successor in title of his, and
 - (b) the covenant and the charge taking effect by virtue of this section cease to apply in relation to the property disposed of.”
- (2) In section 12, for “section 11” in each place where it occurs substitute “section 11B”.
- (3) The amendments made by this section do not apply in any case where—
 - (a) the purchaser has accepted an offer for the disposal of the house from the landlord, or

- (b) the landlord has accepted an offer for the disposal of the house from the purchaser,
before the day on which this section comes into force.
- (4) Subsection (5), however, applies in any such case if the first relevant disposal by the purchaser to which the covenant for repayment of discount applies takes place on or after the day on which this section comes into force.
- (5) In the following provisions—
 - (a) section 11(2) of the Housing Act 1996 (c. 52) (as it has effect without the amendments made by this section), and
 - (b) any covenant for repayment of discount,
any reference (however expressed) to a person being liable to pay an amount to the landlord on demand is to be read as a reference to his being liable to pay to the landlord so much of that amount (if any) as the landlord may demand.
- (6) In subsections (4) and (5) “covenant for repayment of discount” means the covenant contained in a conveyance, grant or assignment in accordance with section 11 of that Act.