

## What is a housing association?

### Basic info

A housing association for Housing Benefit purposes means, in simple terms, an organisation that provides housing and does not trade for profit. It is not necessary for a housing association to be registered with one of the government bodies that regulate social housing in England, Scotland and Wales; and it does not necessarily follow that an organisation that is registered with one of the regulatory bodies satisfies the definition of “housing association” for Housing Benefit purposes.

### Definition in the Regulations

Regulation 2 of the Housing Benefit Regulations 2006 and the Housing Benefit (persons who have attained the qualifying age for state pension credit) Regulations 2006 says that “housing association” has the meaning given to it by section 1 of the Housing Associations Act 1985 (“the 1985 Act”). Section 1 of the 1985 Act contains the following definition:

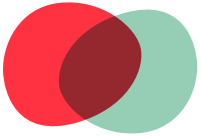
- (1) In this Act “housing association” means a society, body of trustees or company -
  - a) which is established for the purpose of, or amongst whose objects or powers are included those of, providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of, housing accommodation, and
  - b) which does not trade for profit or whose constitution or rules prohibit the issue of capital with interest or dividend exceeding such rate as may be prescribed by the Treasury, whether with or without differentiation as between share and loan capital
- but does not include Scottish Homes.

### Society, body of trustees or company

In this context it is suggested that the term “society” has the particular meaning of “registered society” (formerly known as an “industrial and provident society”) rather than the more general meaning of “society” as a group of individuals joining together to pursue a common interest in music, sport, etc.

“Company” is self-explanatory: if a company is registered in the UK it can be found on the Companies House database. It is usually possible to tell quite easily from the documents available free online from Companies House whether the company trades for profit.

The term “body of trustees” is included in the definition because some organisations providing housing are neither “societies” of the kind described above nor “companies”: a body of trustees might be two or more natural persons who look after and manage assets in person, as distinct from directors appointed to manage a company or society with its own legal personality. Many registered charities operate that way.



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## Prescribed interest and dividend rates

It does not appear that the power to prescribe a limit on dividends or interest under s1(1)(b) has ever been exercised, therefore all the words after “profit” in limb (b) of the definition above do not currently apply to any landlords. It is therefore a requirement of any organisation satisfying the definition of “housing association” that it does not trade for profit.

## Scottish Homes

The reference to Scottish Homes appears to be obsolete. Scottish Homes was a statutory body created under the Housing (Scotland) Act 1988 to carry out a range of housing functions in Scotland which included providing and managing housing. Scottish Homes was dissolved on 31 December 2005.