

London council to wind up housing company with no homes built


NEWS 05.01.21 5:55 PM BY NATHANIEL BARKER

A south London council will shut down its housing company over concerns that rising costs, Brexit and the COVID-19 pandemic have rendered the business unviable.



Merton Council plans to sell permissioned sites to a private developer (picture: Getty)

Sharelines

 ▶ Merton council will shut down its housing company over concerns that rising costs, Brexit and the COVID-19 pandemic have rendered the business unviable #UKhousing

Merton Council's subcommittee for oversight of the company, Merantun Development Limited, agreed at a special meeting shortly before Christmas to wind up the firm.

The company was set up in summer 2017 with the aim of building market rent and affordable housing on small sites to generate income for the Labour-run local authority's general fund.

It has not yet started work on any homes, but gained planning permission in July to redevelop four council-owned sites across the borough which would have delivered a combined 93 units.

According to an officer's report [presented to the subcommittee](#), increased construction and borrowing costs and a weakening of the London housing market caused by COVID-19 and Brexit mean that Merantun's business plan "is no longer viable".

The report also referenced "the experience of Croydon Council and the problems it has with its housing company" as a concern.

READ MORE



All GLA grant-funded shared ownership homes to have 999-year leases



Council agrees £13m bailout for housing company amid coronavirus fears



ReSI buys shared ownership homes from Croydon's housing company



West London council agrees 50-year £390m plan for housing company



West Midlands housing associations enter development joint venture with combined authority

Croydon Council effectively declared itself bankrupt in November amid a £66m budget deficit.

