



# Housing Subsidies Act 1967

## 1967 CHAPTER 29

### PART I

#### SUBSIDIES TO LOCAL AUTHORITIES, ETC.

##### *New subsidies for approved dwellings*

#### **1 New provisions for financial assistance towards provision of dwellings.**

- (1) The provisions of this Part of this Act shall have effect with respect to assistance to local authorities and such other bodies as are mentioned in subsection (2) of this section (in this Part of this Act referred to as "recipient authorities") towards the expenditure incurred by them in the provision of such new dwellings as, in accordance with the said subsection (2), are approved for the purposes of this Part of this Act by the Minister (in this Part of this Act referred to as "approved dwellings"); and exchequer subsidies under Part I of the Housing Act 1961 shall not be payable in respect of any dwelling falling within paragraph (a) or (b), or approved for the purposes of this Part of this Act by virtue of paragraph (c) or (d), of subsection (3) of this section.
- (2) The new dwellings which may be approved for the purposes of this Part of this Act are new dwellings provided—
  - (a) by a local authority in the exercise of their powers to provide housing accommodation ; or
  - (b) by a development corporation otherwise than in pursuance of such arrangements as are mentioned in paragraph (c) of this subsection, or by the Commission for the New Towns ; or
  - (c) by a development corporation or housing association in pursuance of authorised arrangements made with a local authority, or by a housing association in pursuance of special arrangements made with the Minister, and falling within one of the categories specified in subsection (3) of this section.
- (3) The categories of new dwellings referred to in subsection (2) of this section are—

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- (a) new dwellings provided as mentioned in paragraph (a) or (b) of the said subsection (2) in the case of which the formal resolution of the recipient authority accepting the tender or estimate for, or approving the cost or estimated cost of, their erection was passed on or after 25th November 1965 ;
  - (b) new dwellings provided as mentioned in paragraph (c) of the said subsection (2) in pursuance of arrangements made on or after 25th November 1965 ;
  - (c) new dwellings which do not fall within paragraph (a) of this subsection but which have been completed on or after 25th November 1965 and provided by a local authority in whose case the Minister is of opinion—
    - (i) that at that date, on the information which had by then been made available to the Minister, there was in their area an exceptional need for new dwellings owing to an exceptional need for slum clearance or an exceptional shortage of housing accommodation or both ; and
    - (ii) that the number of new dwellings completed on or after that date in the case of which the formal resolution of the recipient authority such as is mentioned in paragraph (a) of this subsection was passed before that date is such that, unless the dwellings are approved for the purposes of this Part of this Act, an unreasonable rate burden will have to be imposed or unreasonably high rents will have to be charged by the authority;
  - (d) new dwellings which do not fall within paragraph (a) of this subsection but which have been completed on or after 25th November 1965 and provided by a local authority who are not such an authority as are mentioned in paragraph (c) of this subsection in the course of a scheme of town development within the meaning of the Town Development Act 1952 carried out with the approval of the Minister for the purpose of relieving congestion or over-population in the area of another local authority who are such an authority as are so mentioned.
- (4) For the purposes of this section—
- (a) a formal resolution passed on or after 25th November 1965 and accepting a tender or estimate shall be deemed to have been passed before that date if either the tender or estimate was submitted to the Minister for approval before that date or the Minister is satisfied that it replaced a tender or estimate so submitted and relating to substantially the same dwellings;
  - (b) where, on approving any authorised arrangements made with a local authority on or after 25th November 1965, the Minister is satisfied that the substantial effect of those arrangements had been agreed between the parties before that date, those arrangements shall be deemed to have been made before that date ; and
  - (c) where a resolution passed before 25th November 1965 accepted a tender or estimate for the erection of any dwellings over a period of three years or more, then if, in accordance with the contract for their erection, the erection of some of them was not begun before 25th November 1966, the resolution, so far as it relates to those dwellings, shall be treated as having been passed after 25th November 1965.
- (5) Any subsidy under any of sections 2, 4 to 8 and 10 of this Act shall be paid to the recipient authority by whom the dwelling or dwellings by reference to which the subsidy is payable were provided, except that in relation to a dwelling or dwellings provided by a development corporation or housing association in pursuance of authorised arrangements made with a local authority the subsidy shall be paid to the

local authority, who shall pay to the development corporation or housing association by way of annual grant an amount not less than the subsidy.

*Subsidies for aggregate approved cost of dwellings*

**2 Aggregate cost subsidies.**

- (1) In the case of each recipient authority, in respect of the aggregate amount of the approved cost (determined in accordance with section 3 of this Act) of the approved dwellings provided by that authority which are completed in any one financial year, the Minister shall pay for each of the sixty years beginning with that financial year a subsidy of an amount calculated in accordance with the following provisions of this section.
- (2) An amount equal to the aggregate amount aforesaid shall be assumed to have been raised by a loan repayable over a period of sixty years in equal half-yearly instalments of principal and interest combined, the first falling due six months after the loan was raised, and there shall be calculated the amount of such an instalment at a rate of interest specified by an order of the Minister made in respect of the financial year in which the dwellings were completed; and the amount of the subsidy shall be twice the amount by which the amount of such an instalment calculated at that rate exceeds what the amount of that instalment would have been if calculated at the rate of four per cent. per annum.
- (3) The rate so specified shall be such as appears to the Minister, after consultation with such recipient authorities, or such bodies representative of recipient authorities, as appear to him to be appropriate, to be representative of the rates of interest paid on loans raised (including any sums borrowed by way of temporary loan) by recipient authorities in the financial year immediately preceding that in which the dwellings in question were completed; and different rates may be so specified in relation to different classes of recipient authority, and for that purpose the Greater London Council and the Commission for the New Towns may each either be treated as a class of recipient authorities or be included in any class of other recipient authorities.
- (4) Where the recipient authority are a development corporation or housing association and the approved dwellings provided by that authority which have been completed in any one financial year include both—
  - (a) dwellings provided in pursuance of authorised arrangements made with a local authority; and either
  - (b) dwellings provided in pursuance of authorised arrangements made with another local authority ; or
  - (c) dwellings provided otherwise than in pursuance of such arrangements,a separate subsidy shall be paid in respect of the aggregate cost of the dwellings provided as mentioned in each respectively of the paragraphs of this subsection.
- (5) The power to make an order under this section shall be exercisable by statutory instrument, and no such order shall be made unless a draft thereof has been approved by a resolution of the Commons House of Parliament.

**3 Ascertainment of approved cost of dwelling.**

- (1) Subject to the provisions of this section, the approved cost of any approved dwelling shall be taken for the purposes of this Part of this Act to be the cost incurred by

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the recipient authority in providing the dwelling (including so much of the cost of acquiring the site on which the dwelling is provided as is apportioned to that dwelling under subsection (6) of this section, irrespective of the date when or purpose for which any land comprised in that site was acquired by the authority).

- (2) So much of the cost incurred as aforesaid as is attributable to the acquisition of any site shall be ascertained in accordance with Schedule 1 to this Act and subsection (6) of this section.
- (3) The remainder of the cost incurred as aforesaid, so far as not known at the time when the formal resolution of the recipient authority accepting the tender or estimate for, or approving the cost or estimated cost of, the erection of the dwelling was passed or, as the case may be, when the relevant arrangements such as are mentioned in section 1(2)(c) of this Act were made, shall be taken to be what it was then estimated to be.
- (4) Where the cost of any works has in pursuance of subsection (3) of this section been taken to be the estimated cost thereof, and the actual cost thereof, when ascertained, is found to differ from that estimated cost to such an extent that it appears to the Minister right and proper that this subsection should apply, then—
  - (a) if the actual cost is greater than the estimated cost and in the opinion of the Minister the difference is caused by exceptional conditions underground which could not reasonably have been foreseen at the time when the estimate was made, the Minister may treat the approved cost of the dwelling in question as being, and as always having been, increased by such sum not exceeding the amount of the difference as he may think fit;
  - (b) if the actual cost is less than the estimated cost, the Minister may treat that approved cost as being, and as having always been, reduced by such sum as aforesaid.
- (5) The Minister may determine that the approved cost of any dwelling shall be reduced by deducting from the cost incurred as aforesaid in respect thereof as determined in accordance with the foregoing provisions of this section an amount not exceeding the amount, if any, by which the part of that cost referred to in subsection (3) of this section exceeds what in the opinion of the Minister, having regard to all the circumstances of the case, should be the reasonable and appropriate cost (apart from any cost attributable to the acquisition of a site) of providing an adequate dwelling in those circumstances.
- (6) Any apportionment of cost necessary to arrive at the approved cost of any dwelling shall be made in such manner as the Minister may determine.

#### *Subsidies for individual dwellings*

#### **4 Subsidies for flats in blocks of four or more storeys.**

In respect of each approved dwelling which is a flat in a block of flats of four or more storeys the Minister shall pay for each of the sixty years beginning with the financial year in which the dwelling was completed a subsidy of the following amount, that is to say—

- (a) if the block of flats has four storeys, eight pounds;
- (b) if the block of flats has five storeys, fourteen pounds;
- (c) if the block of flats has six or more storeys, twenty-six pounds.

## **5 Subsidies for dwellings provided to meet special needs.**

- (1) Where the Minister is of opinion, on an application made to him by a local authority—
- (a) that there is urgent need for more dwellings which will only be met if the dwellings are provided by that authority; and
  - (b) that, unless the Minister exercises his powers under this subsection, the dwellings cannot be provided without imposing an unreasonably heavy rate burden or charging unreasonably high rents for those and other dwellings provided by the authority,

the Minister may, in respect of any approved dwelling thereafter provided by that authority, pay for each of such number of years as he may determine, beginning with the financial year in which the dwelling was completed, a subsidy of such amount as he may, subject to subsection (3) of this section, determine.

- (2) Where the Minister is of opinion, on an application made to him by a local authority—
- (a) that, in circumstances other than those mentioned in section 8 of this Act, dwellings will be provided as part of a scheme amounting to a substantial transfer of industry or of persons engaged in an industry; and
  - (b) that, unless the Minister exercises his powers under this subsection, the dwellings cannot be provided without unreasonably increasing the rate burden or the rents for other dwellings provided by the authority,

the Minister may, in respect of any approved dwelling thereafter provided by that authority, pay for each of such number of years as he may determine, beginning with the financial year in which the dwelling was completed, a subsidy of such amount as he may, subject to subsection (3) of this section, determine.

- (3) The amount determined under either of the foregoing subsections shall not, together with the amount (if any) determined under the other of those subsections in respect of the same dwelling, exceed thirty pounds.
- (4) In exercising his powers under this section the Minister shall have regard to any conditions which may be laid down by the Treasury.

## **6 Subsidies for dwellings enjoying rights of support, etc.**

Where the Minister is satisfied, on an application made to him by a recipient authority with respect to any dwelling which the authority have provided or intend to provide, that the cost of providing the dwelling has been or will be substantially enhanced by expenses attributable to the acquisition of rights of support, or otherwise attributable to measures taken by them for securing protection against the consequences of a subsidence of the site, then, if the dwelling is or becomes an approved dwelling, the Minister may pay in respect thereof for each of the sixty years beginning with the financial year in which it was completed a subsidy of such amount not exceeding two pounds as the Minister may determine.

## **7 Subsidies for dwellings erected to preserve the character of the surroundings.**

Where the Minister is satisfied, on an application made to him by a recipient authority with respect to any dwelling which the authority have provided or intend to provide, that the cost of providing the dwelling has been or will be substantially enhanced by expenses attributable to measures taken by them with his consent in the erection of the dwelling (whether by the use of stone or other special material or in any other way) in order to preserve the character of the surroundings, then, if the dwelling is or becomes

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an approved dwelling, the Minister may pay in respect thereof for each of the sixty years beginning with the financial year in which it was completed a subsidy of such amount not exceeding ten pounds as the Minister may determine.

## **8 Subsidies for dwellings provided in course of town development.**

- (1) Where an approved dwelling is provided by, or by a housing association in pursuance of authorised arrangements made with, a local authority, and either—
- (a) the dwelling is provided in the course of a scheme of town development within the meaning of the Town Development Act 1952 which is carried out wholly or partly in the area of the local authority and in the opinion of the Minister is on a substantial scale; or
  - (b) the area of the local authority is a congested or over populated area and the dwelling is provided in some other area as part of a scheme of comprehensive development the general character of which is in the opinion of the Minister similar to development for the purposes of a new town,
- the Minister may in respect of the dwelling pay for each of the ten years beginning with the financial year in which the dwelling is completed a subsidy of twelve pounds.
- (2) No contribution towards the expenses mentioned in subsection (2)(a) of section 2 of the Town Development Act 1952 shall be payable under that section in respect of any dwelling falling within paragraph (a), or approved for the purposes of this Part of this Act by virtue of paragraph (c) or (d), of section 1(3) of this Act.

## **9 Contributions between authorities.**

- (1) Where any subsidy is paid under section 8 of this Act in respect of a dwelling provided by, or by a housing association in pursuance of authorised arrangements made with, a local authority (in this section referred to as the "receiving authority") and—
- (a) the dwelling was provided as mentioned in subsection (1)(a) of that section and is a dwelling falling within paragraph (a) or (b) of section 1(3) of this Act; and
  - (b) the Minister has designated another local authority, or each of two or more other local authorities, as a sending authority for the purposes of this section and of the scheme in the course of which the dwelling was provided; and
  - (c) either that dwelling or another becoming available as the result of the provision of that dwelling is let to a person who has with a sending authority any such connection as is specified in subsection (2) of this section,
- the sending authority in question shall pay to the receiving authority for each of the ten years commencing with the date on which the dwelling or the said other dwelling is first let to such a person a contribution of twelve pounds.
- (2) The said connection is that the said person—
- (a) immediately before the said dwelling was let to him—
    - (i) occupied a dwelling managed by the sending authority in question under the Housing Acts 1957 to 1965; or
    - (ii) occupied a dwelling in an area which that sending authority have declared to be a clearance area or on any land which they have determined to purchase under section 43 of the Housing Act 1957 or any premises in respect of which they have made a demolition order or closing order under Part II of that Act; or

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- (iii) was on that sending authority's list of persons to be offered, when opportunity arose, tenancies of dwellings managed by them under the said Acts of 1957 to 1965 ; or
  - (b) was nominated by the sending authority in question as a person to be offered a tenancy in the area of the receiving authority; or
  - (c) was selected from a list maintained by the sending authority in question of persons available for employment in the area of the receiving authority ; or
  - (d) is included in any class of persons defined by agreement between the sending authority in question and the receiving authority or, in default of such agreement, by the Minister as being a class for whom dwellings in the area of the receiving authority may be provided as part of the development referred to in section 8(1)(a) of this Act.
- (3) Where the sending authority in question are the council of a London borough or the Common Council of the City of London any contribution under this section shall be payable, and any agreement with the receiving authority under subsection (2)(d) of this section shall be made, by the Greater London Council.
- (4) Where a contribution is payable under this section as a result of a subsidy paid in respect of any dwelling provided by a housing association in pursuance of authorised arrangements made with a local authority, that authority shall pay to the housing association by way of annual grant an amount not less than the contribution.
- (5) Any amount received by a local authority under this section shall be included in the sums required by paragraph 1 of Schedule 5 to the Housing (Financial Provisions) Act 1958 to be carried to the credit of the Housing Revenue Account, except in a case where, under subsection (4) of this section, the local authority are required to make an annual grant in respect of the dwelling in question.

#### *Subsidies for expensive sites*

### **10 Expensive site subsidies.**

- (1) If any approved dwelling is provided on a site which is approved for the purposes of this section by the Minister and the net cost of which exceeds four thousand pounds per acre, then in respect of the same proportion of the area of that site as the proportion of the cost of acquiring that site which was apportioned to the dwelling for the purposes of any subsidy payable under section 2 of this Act the Minister shall pay for each of the sixty years beginning with the financial year in which the dwelling was completed a subsidy at the following rate, that is to say—
- (a) thirty-four pounds per acre for every thousand pounds or part of a thousand pounds by which the net cost of the site per acre exceeds four thousand pounds but does not exceed fifty thousand pounds ; and
  - (b) forty pounds per acre for every thousand pounds or part of a thousand pounds by which the net cost of the site per acre exceeds fifty thousand pounds,
- but not exceeding the limit mentioned in subsection (2) of this section, except if and so far as the Minister so determines on the ground that otherwise the cost to the recipient authority of providing dwellings on the site would, in the opinion of the Minister, be unduly high in the circumstances of the case.
- (2) The said limit is such amount as would, together with so much of any subsidy payable under section 2 of this Act as is referable to the net cost of the site, be equal to

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seventy-five per cent. of so much of the following amount as is so referable, that is to say, an amount equal to twice the amount of such an instalment as is mentioned in subsection (2) of that section when calculated at such rate of interest specified under subsection (3) of that section as is applicable to the financial year in which the dwelling was completed and to the recipient authority providing the dwelling.

- (3) For the purposes of this section, any amount by which the net cost of a site exceeds ten thousand pounds per acre shall be disregarded unless, by reference to such area including the whole or part of the site as the Minister considers appropriate for assessing residential density and after the completion of the dwellings to be provided on the site or that part thereof, either—
  - (a) the average number per acre of the dwellings in that area will be not less than thirty-five ; or
  - (b) the average number per acre of persons for whom sleeping accommodation will be available in dwellings in that area will be not less than seventy;
- (4) For the purposes of this section the net cost of a site shall be taken to be—
  - (a) where subsection (5) of this section does not apply, the cost of the site as ascertained in accordance with Schedule 1 to this Act; and
  - (b) where that subsection applies, that cost as reduced under that subsection.
- (5) Where any works of construction or any works carried out for the purpose of making a site suitable for the provision of dwellings would fall to be taken into account in ascertaining its cost in accordance with Schedule 1 to this Act, the Minister may determine that that cost shall be taken to be reduced by such amount as is in his opinion fairly attributable to those works.

## **11 Advances on account of expensive site subsidies.**

- (1) Where it appears to the Minister that any land which on or after 25th November 1965 has been acquired by a local authority under the Housing Acts 1957 to 1965 or appropriated by a local authority for the purposes of Part V of the Housing Act 1957 is likely to become a site or part of a site approved for the purposes of section 10 of this Act, then if the net cost of that site as ascertained for the purposes of that section would exceed twenty thousand pounds per acre the Minister may make to the local authority advances in respect of that land of amounts not exceeding for any financial year ninety per cent. of what appears to him to be the amount of any subsidy that may become payable for any financial year under the said section 10 in respect of the site or, as the case may be, a proportionate part thereof.
- (2) Where any such advances have been made to a local authority in respect of any land, then—
  - (a) if a subsidy becomes payable for any year under section 10 of this Act in respect of a site including the whole or part of that land, the amount of that subsidy shall be reduced by one-sixtieth of the aggregate amount of the advances, except where the advances have become recoverable under paragraph (c) of this subsection;
  - (b) if such subsidies become payable but cease when the number thereof is less than sixty the Minister may recover from the local authority an amount arrived at by multiplying one-sixtieth of the aggregate amount of the advances by the number by which the subsidies fall short of sixty ;
  - (c) if the Minister is satisfied that no subsidy under that section will become payable to the local authority in respect of a site comprising that land or any



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part thereof, or that no such subsidy will become payable within a reasonable time, the Minister may recover the amount of the advances from the local authority.

- (3) Any amount recoverable from a local authority under subsection (2) of this section may, without prejudice to any other method of recovery, be recovered by deduction from any exchequer payment due to the authority.
- (4) For the purposes of this section any land acquired by a local authority in pursuance of a compulsory purchase order shall be deemed to have been acquired by them at the date of the order and any other land at the date of the contract in pursuance of which it was acquired.

#### *Subsidies for certain conversions or improvements*

### **12 Subsidies for conversions or improvements by housing associations.**

- (1) The provisions of this section shall have effect where arrangements have been made after the passing of this Act by a local authority with a housing association under section 121 of the Housing Act 1957 (which relates to arrangements for the provision of dwellings by a housing association by means of the conversion of buildings or for the improvement of dwellings by a housing association) in a case where, on the completion of the carrying out of the arrangements, the local authority certify to the Minister in such form as he may direct that, in the case of each building or dwelling to which the arrangements relate—
  - (a) an estate or interest in the building or dwelling has been acquired by the housing association with a view to entering into, or for the purpose of giving effect to, the arrangements; and
  - (b) the dwelling or dwellings resulting from the carrying out of the arrangements have been made available by the housing association for letting.
- (2) Subject to subsections (3) and (5) of this section, the Minister shall pay for each of the twenty years beginning with the financial year in which the carrying out of the arrangements is completed a subsidy equal to three-eighths of the annual loan charges referable to the amount certified by the local authority in such form as the Minister may direct to be the aggregate of—
  - (a) the amount appearing to the local authority to be the cost likely to be incurred by the housing association for the purpose of the execution of any works of conversion or improvement required for carrying out the arrangements; and
  - (b) any expense incurred by the housing association in acquiring an estate or interest in a building or dwelling with a view to entering into, or for the purpose of giving effect to, the arrangements;and for the purposes of this subsection the annual loan charge referable to any amount shall be the annual sum which, in the opinion of the Minister, would fall to be provided by the housing association for the payment of interest on, and the repayment of, a loan of the amount so certified repayable over that period of twenty years.
- (3) The Minister shall disregard for the purposes of subsection (2) of this section any sum by which the aggregate referred to in that subsection exceeds the equivalent of two thousand pounds for each dwelling resulting from the carrying out of the arrangements unless in any case he is satisfied that in all the circumstances of the case there is good reason for allowing a higher aggregate.

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- (4) The Minister may by order provide, as respects dwellings resulting from arrangements made after the coming into force of the order, for subsection (3) of this section to have effect as if for the reference to two thousand pounds there were substituted a reference to such higher or lower amount as may be specified in the order; and any such order shall be made by statutory instrument and—
- (a) may vary or revoke any previous order under this subsection; and
  - (b) shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.
- (5) No subsidy shall be payable under this section unless, on the completion of the carrying out of the arrangements, the local authority certify in such form as the Minister may direct that in their opinion the dwelling or dwellings resulting from the carrying out of the arrangements—
- (a) will provide satisfactory housing accommodation for such period, and
  - (b) conform with such requirements with respect to construction and physical conditions and the provision of services and amenities,
- as may for the time being be specified for the purposes of this section by the Minister.
- (6) Any subsidy under this section shall be paid to the local authority who shall pay to the housing association by way of annual grant an amount not less than the subsidy.
- (7) Where, in the case of any arrangements under section 121 of the Housing Act 1957 by a local authority with a housing association, a subsidy is payable under this section—
- (a) no contribution shall be made to the local authority under section 12 of the Housing (Financial Provisions) Act 1958 in respect of those arrangements; and
  - (b) no grant shall be made to the housing association under section 30 of the said Act of 1958 or under section 4 of the House Purchase and Housing Act 1959 in ; connection with any dwelling in connection with which the subsidy is paid.
- (8) In this section, the expression " improvement " includes alteration, enlargement or repair.

*Reduction, etc. of subsidies*

**13 Power to abolish or reduce subsidies and contributions under Part I.**

- (1) The Minister may by order direct that, while the order remains in force, such subsidies payable under this Part of this Act or such contributions under section 9 thereof as may be specified in the order—
- (a) shall cease to be payable ; or
  - (b) shall be reduced to such rate or amount as may be specified in the order; or
  - (c) shall be payable for such reduced number of years as may be so specified,
- either in all cases or only in cases where they are payable by reference to dwellings of such description or in such area as may be specified in the order.
- (2) Subject to subsection (4) of this section, an order under this section—
- (a) so far as it relates to subsidies or contributions payable by reference to dwellings provided as mentioned in paragraph (a) or (b) of section 1(2) of this Act, shall apply only in relation to dwellings the tender or estimate for the erection of which was accepted, or the cost or estimated cost of the erection of

which was approved, by a formal resolution passed on or after a date specified in the order; and

- (b) so far as it relates to subsidies or contributions payable by reference to dwellings provided in pursuance of any such arrangements as are mentioned in paragraph (c) of the said section 1(2), shall apply only in relation to dwellings provided in pursuance of arrangements made on or after that date ; and
- (c) so far as it relates to subsidies under section 12 of this Act, shall apply only in relation to such arrangements as are mentioned in that section made on or after that date.

- (3) An order under this section shall be made by statutory instrument and—
  - (a) shall not be made unless a draft thereof has been approved by a resolution of the Commons House of Parliament; and
  - (b) shall not specify a date earlier than the laying of the draft; and
  - (c) may be varied or revoked by a subsequent order under this section as respects any period falling after the coming into force of that subsequent order;

and before laying such a draft the Minister shall consult with such associations of local authorities as appear to him to be concerned and with any local authority with whom consultation appears to him to be desirable.

- (4) Subsections (2) and (3)(b) of this section shall not apply to an order made more than ten years after the passing of this Act, and accordingly such an order may affect subsidies and contributions payable by reference to dwellings completed before as well as after the making of the order.

#### **14 Power to reduce, discontinue or transfer subsidies.**

- (1) The provisions of this section shall have effect with respect to annual subsidies, and the enactments mentioned in Part I of Schedule 4 to this Act are hereby repealed to the extent specified in the third column of that Part, without prejudice however, to any power exercisable under those enactments with respect to any event occurring before the commencement of this Act.

- (2) In this section—

- (a) the expression " annual subsidy " means any payment falling to be made by the Minister under the provisions specified in Schedule 2 to this Act;
- (b) the expression " the subsidised unit " means the dwelling, hostel or other land in relation to which an annual subsidy is payable, whether it is payable in respect of it or its site or in respect of land comprising it or in respect of the cost of any dwellings, or of any works in connection with any dwellings, or of the acquisition of any land, comprising it.

- (3) The Minister may, in any of the circumstances mentioned in subsection (5) of this section, reduce the amount of an annual subsidy or suspend or discontinue the payment of an annual subsidy or part thereof.

- (4) Where an annual subsidy is payable to a local authority in relation to a subsidised unit in relation to which an annual grant is payable by the local authority to a development corporation or housing association, then, if the amount of the annual subsidy is reduced or payment of it or part of it is suspended or discontinued under this section, the local authority may reduce the annual grant to a corresponding or any lesser extent or suspend the payment thereof or of a corresponding part thereof for a corresponding

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period or discontinue the payment thereof, or of a corresponding part thereof, as the case may be.

- (5) The circumstances referred to in subsection (3) of this section are—
- (a) that the annual subsidy is payable to a local authority and the Minister is satisfied that the authority have failed to discharge any of their duties under the Housing Acts 1957 to 1965;
  - (b) that the subsidised unit was provided by a development corporation or housing association in pursuance of authorised arrangements made with a local authority or by a housing association in pursuance of special arrangements made with the Minister, and the Minister is satisfied that the corporation or association have made default in giving effect to the terms of any such arrangements;
  - (c) that the annual subsidy is payable subject to any conditions and the Minister is satisfied that any of those conditions has not been complied with;
  - (d) that the subsidised unit has been converted, demolished or destroyed;
  - (e) that the subsidised unit is not fit to be used, or is not being used, for the purpose for which it was intended;
  - (f) that the subsidised unit has been sold or has been leased for a term certain exceeding seven years;
  - (g) that, not being a case where section 14 of the Town Development Act 1952 (assignment of subsidies) applies, the subsidised unit has been transferred, whether by sale or otherwise.
- (6) Where the Minister's power under subsection (3) of this section to discontinue the payment of the whole or part of an annual subsidy payable to a recipient authority becomes exercisable in the circumstances mentioned in subsection (5)(f) or (g) of this section and the subsidised unit has become vested in or has been leased to another recipient authority, then if the Minister exercises that power he may make to that other authority any such payment as he would otherwise have made to the first-mentioned authority if the conditions (if any) subject to which the annual subsidy was payable had been complied with.
- (7) In this section the expression " recipient authority " includes the council of a county.

*Increase of grants for hostels*

**15 Increase of grants for hostels.**

Section 15 of the Housing (Financial Provisions) Act 1958 (grants for hostels) shall have effect, in its application to any building provided or converted after the commencement of this Act, as if for the words " five pounds " there were substituted the words " fifteen pounds ".

*New towns.*

**16 Payments for certain dwellings in new towns**

As respects any approved dwellings provided by the Commission for the New Towns, the Minister may make to the Commission, in addition to any payments under the foregoing provisions of this Part of this Act, such grant by way of annual payments

(not exceeding twelve pounds for any one year in respect of any one dwelling) as he may with the concurrence of the Treasury determine.

#### **17 Power of Minister to recover certain contributions.**

(1) In the case of each new town the Minister may designate a local authority, or each of two or more local authorities, to be a sending authority in relation to that town for the purposes of this section; and if in the case of any approved dwelling provided in that town by the development corporation therefor or by the Commission for the New Towns—

- (a) the Minister makes a grant by way of annual payments to the development corporation by virtue of section 42(2) of the New Towns Act 1965 or, as the case may be, to the Commission by virtue of section 16 of this Act; and
- (b) either that dwelling or another becoming available as the result of the provision of that dwelling is let to a person who has with a sending authority any such connection as is specified in paragraph (a), (b) or (c) of section 9(2) of this Act (the reference in the said paragraph (b) or (c) to the area of the receiving authority being construed for the purposes of this section as a reference to the new town),

then, in respect of each of the ten years following the completion of that dwelling, the Minister shall be entitled to recover in respect of that dwelling from the sending authority in question (or, where that authority are the council of a London borough or the Common Council of the City of London, from the Greater London Council) such sum not exceeding twelve pounds as the Minister may determine.

- (2) Where the grant such as is mentioned in paragraph (a) of the foregoing subsection is by way of annual payments for a lesser number of years than ten, that subsection shall have effect as if for the reference to ten years there were substituted a reference to that lesser number of years.
- (3) Any sums received by the Minister under subsection (1) of this section shall be paid into the Exchequer.

#### **18 Contributions between authorities concerned with new towns.**

- (1) The Commission for the New Towns and any development corporation may, with the consent of the Minister, contribute such sums as the Minister, with the concurrence of the Treasury, may determine towards expenditure on the provision of housing accommodation incurred or to be incurred by any local authority within whose area the Commission or, as the case may be, that corporation are providing such accommodation.
- (2) A local authority may make such contributions as the Minister may approve towards the expenditure incurred by the Commission for the New Towns or a development corporation in the provision of housing accommodation.

#### *Supplemental*

#### **19 Interests other than freehold.**

Where any dwelling or other land has been acquired by the creation or transfer of a lease, or where a right to use land as a site for dwellings has been acquired without the

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acquisition of the land itself under arrangements involving periodical payments by the person acquiring the right, the expenses incurred in connection with the acquisition shall be taken for the purposes of this Part of this Act to include such sum as the Minister may determine to be the capital equivalent of the rent payable under the lease or, as the case may be, of the periodical payments payable under those arrangements.

## **20 Dwellings acquired after completion.**

In relation to a dwelling which is acquired by a recipient authority after its completion references in this Part of this Act to the erection or completion of any dwelling shall be construed as references to its acquisition by the recipient authority.

## **21 Interpretation of Part I.**

(1) In this Part of this Act, the following expressions have the following meanings respectively, that is to say—

" approved dwelling " has the meaning assigned by section 1(1) of this Act;

" authorised arrangements " means arrangements under section 120 of the Housing Act 1957 or under that section as applied by section 125 of that Act;

" block of flats " of a given number of storeys means a building containing flats which consists of that number of storeys exclusive of any storey constructed for use for purposes other than those of a dwelling; and for the purposes of this definition a building which consists of a different number of storeys in different parts thereof shall be treated as if each of those parts were a separate building, any question as to the division of any building into such parts, or as to the number of storeys of which any such part consists, or as to the number of flats contained in any such part, being determined by the Minister;

" development corporation " means a development corporation established under the New Towns Act 1965 or any enactment replaced by that Act;

" dwelling " means a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to or usually enjoyed with that building or part; but a building or part which, in the opinion of the Minister, is designed for permanent use as a single dwelling shall be treated as a single dwelling for the purposes of this Act notwithstanding that it is temporarily divided into two or more parts which are occupied or intended to be occupied as separate dwellings;

" exchequer payment " has the same meaning as in section 58(2) of the Housing (Financial Provisions) Act 1958 ;

" flat " means a separate and self-contained set of premises, whether or not on the same floor, constructed for use for the purposes of a dwelling and forming part of a building from some other part of which it is divided horizontally;

" housing association " has the same meaning as in the Housing Act 1957;

" local authority " means any authority who are a local authority for the purposes of any provision of the Housing Act 1957 ;

" the Minister "—

(a) in the application of this Part of this Act to Wales and Monmouthshire, except for the purposes of the making of an order under section 2(2), 12(4) or 13 of this Act extending to an area falling outside as well as to

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an area falling within Wales and Monmouthshire, means the Secretary of State for Wales;

(b) subject to paragraph (a) of this definition, means the Minister of Housing and Local Government;

" new town " has the same meaning as for the purposes of the New Towns Act 1965.

- (2) References in this Part of this Act to special arrangements made by a housing association with the Minister are references to arrangements which the Minister may have made with a housing association for the provision of dwellings with a view to their approval under this Act or any Act passed before this Act.
- (3) References in this Part of this Act to the acquisition of a site or of land shall include references to the acquisition of a right to use land as a site for the provision of dwellings without acquiring the land itself.

## **22 Minor amendments and modifications of enactments.**

The enactments specified in Schedule 3 to this Act shall have effect subject to the amendments and modifications specified in relation to those enactments respectively in that Schedule.

## **23 Repeals consequential on Part I.**

- (1) The enactments specified in Part II of Schedule 4 to this Act are hereby repealed to the extent specified in the third column of that Part as respects any dwelling falling within paragraph (a) or (b), or approved for the purposes of this Part of this Act by virtue of paragraph (c) or (d), of section 1(3) of this Act.
- (2) The repeal effected by section 14(1) of, and Part I of Schedule 4 to, this Act of section 20 of the Housing (Financial Provisions) Act 1958 (in which the conditions set out in Schedule 2 to that Act are referred to as well as the power to substitute other conditions) shall not affect the application of those conditions or the exercise of that power.

## **PART II**

### **ASSISTANCE FOR HOUSE PURCHASE AND IMPROVEMENT**

## **24 Right to opt for subsidy for certain loans in connection with dwellings.**

- (1) The provisions of this section shall have effect where a person borrows, or two or more persons borrow jointly, from a qualifying lender on the security of a freehold or leasehold estate of the borrower or of one or more of the borrowers (including an estate held jointly or in common by the borrower or one or more of the borrowers and one or more other persons) in land in Great Britain and—
- (a) application for the loan is made on or after 1st April 1968; and
- (b) the loan is for or in connection with, or is made with a view to the repayment by means thereof of the amount outstanding on a previous loan for or in connection with, one or more of the following purposes, that is to say—
- (i) acquiring, or acquiring a site for, or constructing, or

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- (ii) providing by the conversion of a building on that land, or
  - (iii) altering, enlarging, repairing or otherwise improving,  
a dwelling on that land ; and
  - (c) the contract requiring repayment of the loan (hereafter in this Part of this Act referred to as the " repayment contract") includes provision for the making by the borrower to the lender of periodical payments consisting wholly or partly of payments of interest.
- (2) The borrower or borrowers may by notice in writing to the lender in such form as the Minister may direct (hereafter in this Part of this Act referred to as an " option notice ") elect that the loan shall be subsidised in accordance with this Part of this Act; and as respects the period, if any, for which, in accordance with subsection (3) of this section, the option notice has effect—
- (a) the lender shall—
    - (i) treat the borrower, in pursuance of a scheme made by the Minister for the purpose in accordance with section 29(1) of this Act, as having paid at such times and by such instalments as may be determined under the scheme sums not in fact paid by him of an aggregate amount determined in accordance with section 28 of this Act towards the amounts from time to time due from him under the repayment contract; and
    - (ii) be entitled to receive from time to time from the Minister, subject to any directions of the Minister under section 29(2) of this Act, payments equal in the aggregate to the aggregate amount aforesaid ;
  - (b) notwithstanding anything in the Income Tax Acts, the borrower—
    - (i) shall not, in computing his total income, be entitled to a deduction in respect of any amount payable by way of interest under the repayment contract;
    - (ii) shall not be entitled to relief from income tax in respect of any such interest;
    - (iii) shall be neither permitted nor required to make any deduction of income tax from any such payment of interest;
  - (c) for the purposes of income tax and corporation tax, any payment received by the lender under paragraph (a)(ii) of this subsection shall be treated as an annual amount chargeable to tax under Case III of Schedule D.
- (3) Subject to subsections (4) and (5) of this section, an option notice in respect of a loan shall be of no effect unless the following conditions are satisfied, that is to say—
- (a) that notice in writing of intention to give the option notice was given to the lender at the time when application for the loan was made or by such later time as the lender may in that particular case allow; and
  - (b) that the option notice was signed not later than the date when a repayment contract in respect of the loan was first entered into ; and
  - (c) that the borrower (and, in the case of joint borrowers, each of them) has signed and delivered to the lender a declaration that the person signing the declaration is ordinarily resident in the United Kingdom and the land in question will be used wholly or partly for the purposes of a dwelling to be occupied wholly or partly as his or her residence by a specified person, being the borrower (or, in the case of joint borrowers, one of them) or the spouse or a child (whether legitimate, adopted or illegitimate) over the age of sixteen or a step-child over that age or a parent of the borrower (or, in the case of joint borrowers, of one



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of them), so, however, that such a declaration shall not constitute notice to the lender of any interest in that land which may be subsequently acquired by any person other than the borrower,

but subject to the said subsection (5) and to the foregoing provisions of this subsection an option notice shall have effect for the period beginning with the date of its signing and ending with whichever of the following events first occurs, namely—

- (i) the satisfaction of the borrower's debt to the lender;
  - (ii) the realisation of the security on the interest in land in question, whether or not the borrower's debt is fully satisfied thereby;
  - (iii) the said interest's ceasing to be security for the loan;
  - (iv) the vesting of the rights and obligations under the repayment contract of the borrower (or, in the case of joint borrowers, of both or all of them) in some other person who has become beneficially entitled to the interest in land in question ;
  - (v) the vesting of the lender's rights under the repayment contract in some other person, so, however, that, if at the expiration of the period of three months beginning with the date of that vesting that other person is a qualifying lender, the option notice shall not cease to have effect by virtue of this paragraph and that notice and the provisions of this Part of this Act shall be treated as having continued to have effect during that period as if that other person were a qualifying lender notwithstanding that at any time during that period he was not so ;
  - (vi) if the number of the periodical payments referred to in subsection (1)(c) of this section is not fixed by or ascertainable under the repayment contract, the expiration of thirty years from the beginning of the period for which the option notice has had effect.
- (4) The Minister may from time to time direct that, in such cases or class of cases as may be specified in the direction, being cases where the borrower is entitled to the interest in land in question as trustee for a person who is under the age of twenty-one, an option notice shall, if the qualifying lender in question so agrees, have effect if, instead of the condition specified in subsection (3)(c) of this section, there is satisfied such other condition as may be specified in the direction.
- (5) The Minister may from time to time direct that, in such circumstances or in such cases or class of cases as may be specified in the direction, an option notice shall, if the qualifying lender in question so agrees, have effect notwithstanding that the conditions specified in subsection (3)(a) and (b) of this section are not satisfied; but the period for which an option notice has effect by virtue of this subsection shall not begin—
- (a) if the lender is a building society whose financial year ends on a date not earlier than 30th September, until 1st April next after the end of the financial year of the society in which the option notice is signed; or
  - (b) in any other case, until 1st April falling between three and fifteen months after the date of the signing of the option notice,
- except where the lender agrees to its beginning on an earlier 1st April falling after the date of the signing of the option notice.
- (6) The provisions of this Part of this Act shall have effect with respect to any loan notwithstanding any provision with respect to the making of loans by the lender in question contained in, or in any instrument made under, any other enactment.

**25 Right for persons borrowing or applying for loans before 1st April 1968 to opt for subsidy.**

- (1) The provisions of this section shall have effect where a person has borrowed, or two or more persons have borrowed jointly, as mentioned in section 24(1) of this Act except that the application for the loan has been made before 1st April 1968 or except that both—
- (a) the application has been so made, and
  - (b) the principal sum outstanding in respect of the loan is treated between the borrower and lender as including the amount of a further advance or re-advance made before 1st April 1968 on the same security as the loan but not itself satisfying the requirements of paragraph (b) of the said section 24(1).
- (2) If the repayment contract in respect of the loan has been entered into before 1st September 1967, then, subject to subsection (5) of this section, subsections (2) to (6) of the said section 24 shall apply in relation to the loan as if in subsection (3) of that section—
- (a) paragraph (a) were omitted ;
  - (b) for the reference in paragraph (b) to the date there mentioned there were substituted a reference—
    - (i) if the lender is a building society whose financial year ends on a date not earlier than 30th September, to that date in 1967 ; or
    - (ii) in any other case, to 31st December 1967; and
  - (c) the date specified as the beginning of the period for which the option notice has effect were 1st April 1968.
- (3) If the application for the loan has been made before 1st September 1967 but the repayment contract has been entered into on or after that date, then, subject to subsection (5) of this section, subsections (2) to (6) of the said section 24 shall apply in relation to the loan as if in subsection (3) of that section—
- (a) paragraph (a) were omitted ;
  - (b) for the reference in paragraph (b) to the date there mentioned there were substituted a reference to that date or the appropriate date referred to in subsection (2)(b)(i) or (ii) of this section, whichever is the later; and
  - (c) the date specified as the beginning of the period for which the option notice has effect were the date of the signing of the option notice or 1st April 1968, whichever is the later.
- (4) If the application for the loan has been made on or after 1st September 1967 and before 1st April 1968, then, subject to subsection (5) of this section, subsections (2) to (6) of the said section 24 shall apply in relation to the loan as if in subsection (3) of that section the date specified as the beginning of the period for which the option notice has effect were the date of the signing of that notice or 1st April 1968, whichever is the later.
- (5) An option notice given by virtue of subsection (2), (3) or (4) of this section shall not have effect if, between the signing of that notice and 1st April 1968, any event occurs such as is mentioned in any of paragraphs (i) to (v) of section 24(3) of this Act.

**26 Extension of right to opt for subsidy to certain other cases.**

- (1) Where, after a person has borrowed, or two or more persons have borrowed jointly, as mentioned in section 24(1) or 25(1) of this Act, the rights and obligations under

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the repayment contract of the borrower (or, in the case of joint borrowers, of both or all of them) become or have become vested in some other person or persons who has or have become beneficially entitled to the interest in land in question, then, whether or not an option notice has had effect in respect of the loan, subsections (2) to (6) of the said section 24 shall, subject to subsection (3) of this section, apply in relation to the loan as if—

- (a) for any reference in those subsections to the borrower or borrowers there were substituted a reference to that other person or those other persons; and
- (b) in subsection (3) of that section—
  - (i) paragraph (a) were omitted ;
  - (ii) for the reference in paragraph (b) to the date there mentioned there were substituted a reference to the date of the vesting or the appropriate date referred to in section 25(2)(b)(i) or (ii) of this Act, whichever is the later ; and
  - (iii) the date specified as the beginning of the period for which the option notice has effect were the date of the vesting or 1st April 1968, whichever is the later.

(2) Where, after a person has borrowed, or two or more persons have borrowed jointly, as mentioned in section 24(1) or 25(1) of this Act, the rights and obligations under the repayment contract of the borrower (or, in the case of joint borrowers, of both or all of them) become or have become vested in some other person or persons not beneficially entitled to the interest in land in question and no option notice has had effect in respect of the loan—

- (a) the Minister may exercise his powers to give a direction under subsection (5) of the said section 24, and
- (b) thereupon subsections (2) to (6) of that section shall, subject to subsection (3) of this section, apply in relation to the loan,

as if for any reference in the said subsections (2) to (6) to the borrower or borrowers there were substituted a reference to that other person or those other persons and, except for the purposes of subsection (4) of the said section 24, as if the reference in the said subsection (5) to the conditions specified in subsection (3)(a) and (b) of the said section 24 included a reference to the condition specified in subsection (3)(c) of that section.

(3) An option notice given by virtue of subsection (1) or (2) of this section, if signed before 1st April 1968, shall not have effect if, between the signing and 1st April 1968, any event occurs such as is mentioned in any of paragraphs (i) to (v) of section 24(3) of this Act.

(4) In relation to a case where a housing association for the time being approved for the purposes of section 43 of the Finance Act 1963 borrows or has borrowed from a qualifying lender on the security of a freehold or leasehold estate of that association in land in Great Britain, the Minister shall by regulations provide that this Part of this Act shall have effect with such adaptations and modifications of the provisions (other than section 24(2)(b) and (c), but including section 32(2)) thereof appearing to the Minister to be appropriate or expedient, and subject to such special conditions appearing to the Minister to be necessary or expedient, as may be prescribed by the regulations; and—

- (a) in relation to such a housing association, the said section 24(2)(b) shall have effect as if—
  - (i) the reference therein to the Income Tax Acts included a reference to the Corporation Tax Acts; and

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(ii) in sub-paragraph (ii) thereof, for the reference to income tax there were substituted a reference to corporation tax; and

- (b) without prejudice to the provisions of the said section 24(2)(b), as respects any period for which an option notice given by such a housing association has effect in respect of any loan, subsection (1)(b) of the said section 43 shall not apply to any interest payable under the repayment contract in respect of the loan;

but if at any time while an option notice given by such a housing association has effect, the requirements of paragraph 2 of Schedule 10 to the said Act of 1963 are not satisfied as respects that association, the Minister may by notice in writing to the association declare that option notice to be of no effect as from the date of the giving of the Minister's notice.

(5) Where—

- (a) within the meaning of section 104 of the Housing Act 1957, a local authority in England or Wales sell or lease a house under subsection (1) of that section in pursuance of an agreement whereby the purchase price or a premium is paid by instalments ; or
- (b) under section 145 (1)(d) of the Housing (Scotland) Act 1966, a local authority in Scotland sell a house in pursuance of an agreement whereby the purchase price is paid by instalments ; or
- (c) a development corporation or the Commission for the New Towns sell or lease a house in pursuance of such an agreement as is mentioned in paragraph (a) of this subsection,

then, subject to such modifications and adaptations, if any, appearing to the Minister to be necessary for the purpose as the Minister may by regulations prescribe, the provisions of this Part of this Act shall apply in like manner as if the purchaser or lessee had borrowed the purchase price or premium from the seller or lessor acting as a qualifying lender on the security of a like freehold or leasehold estate in that house of the purchaser or lessee as that which he is to acquire by virtue of the sale or lease.

- (6) Any power to make regulations under this section shall be exercisable by statutory instrument, and any such regulations shall be subject to annulment in pursuance of a resolution of the Commons House of Parliament.

## 27 **Qualifying lenders.**

(1) Qualifying lenders for the purposes of any provision of this Part of this Act shall be any of the following bodies lending in pursuance of powers apart from this Part of this Act, namely—

- (a) local authorities, that is to say—
- (i) in England and Wales, councils of counties, boroughs and urban or rural districts, the Greater London Council, the Common Council of the City of London and the Council of the Isles of Scilly ;
- (ii) in Scotland, county councils and town councils ;
- (b) building societies designated under section 1 of the House Purchase and Housing Act 1959 ;
- (c) such bodies of such of the following descriptions as the Minister may by order prescribe for the purposes of the provision in question, namely—
- (i) building societies not designated as aforesaid;
- (ii) insurance companies;

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- (iii) friendly societies;
- (d) development corporations;
- (e) the Commission for the New Towns,

and for the purposes of section 26(4) of this Act shall include any of the following lending as aforesaid, namely, the Housing Corporation, the Minister of Housing and Local Government, the Secretary of State for Wales and the Secretary of State for Scotland.

- (2) The power to make orders under subsection (1) of this section shall be exercisable by statutory instrument, and any such order may vary or revoke any previous order under that subsection; but—
- (a) no such order with respect to a building society or friendly society shall be made except after consultation with the Chief Registrar of Friendly Societies ;
  - (b) no such order with respect to an insurance company shall be made except after consultation with the Board of Trade;
  - (c) no such order removing any such society or company as aforesaid from the list of qualifying lenders shall be made except—
    - (i) on the application of the society or company: or
    - (ii) where the society or company has ceased to exist; or
    - (iii) where the removal is in the opinion of the Minister expedient in the public interest;

and the removal of any body from the list of qualifying lenders shall not affect any right or obligation of any person under this Part of this Act in connection with any loan if an option notice in respect thereof had effect immediately before the date on which the removal takes effect.

## **28 Aggregate amount of subsidy under Part II.**

- (1) Subject to subsection (2) of this section, in the case of any loan subsidised under this Part of this Act, the aggregate amount at any time of the sums referred to in section 24(2)(a)(i) of this Act shall be the difference, if any, between—
- (a) the aggregate sum which, apart from the provisions of this Part of this Act, would have become due from the borrower up to that time during the period for which the option notice in respect of the loan has had effect by way of interest on the amount from time to time outstanding by way of capital in connection with the loan if that interest had been calculated in the manner and at the rate per annum which would have been applicable from time to time under the repayment contract; and
  - (b) what that aggregate sum would have been if that interest had been calculated at whichever of the following rates per annum is the higher, that is to say—
    - (i) a rate per cent. two per cent. lower than that which would have been applicable as aforesaid; or
    - (ii) four per cent.
- (2) Where all the periodical payments by the borrower to the lender in connection with any loan, so far as they are in respect of interest, are in respect of interest on the whole of the capital sum lent, or where any part of any such periodical payment, so far as it is in respect of interest, is in respect of interest on a part of the capital outstanding of which, under the repayment contract, no repayment is required to be made by that periodical payment, then, in relation to any such periodical payment or, as the case may be, any such part of a periodical payment, the references in paragraph (b)(i) of

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subsection (1) of this section to two per cent. and in paragraph (b)(ii) of that subsection to four per cent. shall be construed as references respectively to one and three-quarters per cent. and four and one-quarter per cent.

## **29 Schemes, directions, etc.**

- (1) Before making any scheme for the purposes of section 24(2)(a)(i) of this Act, the Minister shall consult with such qualifying lenders or bodies representative of qualifying lenders of any description as may appear to him appropriate; and—
- (a) different schemes may be made for different cases or classes of case;
  - (b) any such scheme may be varied or revoked by a subsequent scheme;
  - (c) any such scheme may include provision for any dispute between a borrower and a lender as to the effect of any such scheme with respect to the loan in question to be referred to and determined by the Minister;

and where an option notice has effect in respect of any loan, the lender shall supply the borrower, not later than the date when the option notice first has effect or such later date as the Minister may in any particular class of cases direct, with a statement in writing in such form as the Minister may direct of the effect of the appropriate scheme.

- (2) No direction shall be given for the purposes of sub-paragraph (ii) of section 24 (2) (a) of this Act except after such consultation as aforesaid and with the approval of the Treasury; and such directions—
- (a) shall make provision as to the method and time of payments under the said sub-paragraph (ii); and
  - (b) may impose such conditions as to claims, records, certificates, audit, the provision of information by qualifying lenders to the Minister or the Commissioners of Inland Revenue or other matters as may appear to the Minister to be necessary or expedient.
- (3) In addition to his powers to give directions as to the form of an option notice or of the statement referred to in subsection (1) of this section, the Minister may from time to time give directions as to the form of any other document for use in connection with this Part of this Act.

## **30 Guarantee of advances in excess of normal amount.**

- (1) The Minister may, with the approval of the Treasury, enter into arrangements with any insurance company whereby, in the case of any loan to which the arrangements relate, being a loan by a qualifying lender to a person other than a housing association made on or after such date as the Minister of Housing and Local Government, the Secretary of State for Wales and the Secretary of State for Scotland acting jointly may by order made by statutory instrument appoint in the case of which—
- (a) an option notice has been given and has come into effect; and
  - (b) the lender has agreed to advance a sum exceeding what would otherwise have been advanced subject to a third party approved by the lender guaranteeing to indemnify the lender against loss by reason of that agreement or, where the lender is an insurance company, subject to the borrower making to the company a single special payment of a specified amount; and
  - (c) the insurance company, at the request of the borrower, and with the approval of the lender, proposes to give that guarantee, or, as the case may be, the borrower proposes to make that special payment,

the Minister agrees with the insurance company to reimburse to the company one half of any sum paid by the company in pursuance of the guarantee, or, as the case may be, of any loss suffered by the company as lender by reason of their said agreement with the borrower, and the company agrees with the Minister to reduce by such amount as the Minister and the company may agree to be appropriate the sum which would otherwise be required to be paid by or on behalf of the borrower to the company in respect of the grant of the guarantee, or, as the case may be, by way of the single special payment aforesaid.

- (2) In section 33(1) of the Building Societies Act 1962 (which provides for the making of advances for the payment of certain premiums), the reference to an appropriate policy of life assurance shall be construed as including a reference to a guarantee by an insurance company given in pursuance of arrangements under this section; and section 26(3) of that Act (which restricts the amount of an advance in the case of certain guarantees given in pursuance of a continuing arrangement) shall not apply to a guarantee given in pursuance of arrangements under this section.
- (3) In this section references to an insurance company shall be construed as including references to a recognised housing society as defined by paragraph 10 of Schedule 4 to the Building Societies Act 1962.

### **31 Penalty for false statements, etc.**

- (1) Any person who for the purpose of procuring for himself or another person any benefit under this Part of this Act makes a statement which he knows to be false in a material particular or recklessly makes a statement which is false in a material particular shall be liable on summary conviction to a fine not exceeding one hundred pounds, or to imprisonment for a term not exceeding three months, or to both.
- (2) Where an offence under subsection (1) of this section which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he as well as the body corporate shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.
- (3) No proceedings for an offence under the said subsection (1) shall be instituted in England or Wales except by or with the consent of the Minister of Housing and Local Government, the Secretary of State for Wales or the Director of Public Prosecutions.
- (4) Proceedings for such an offence by a body corporate may (without prejudice to any jurisdiction exercisable apart from this subsection) be taken against the body at any place at which the body has a place of business.
- (5) Section 104 of the Magistrates' Courts Act 1952 and section 23 of the Summary Jurisdiction (Scotland) Act 1954 (which require summary proceedings to be commenced within six months from the commission of the offence) shall apply to offences under the said subsection (1) with the substitution of a reference to three years for each reference to six months:

Provided that this subsection shall not enable an information to be tried in England and Wales or proceedings to be heard in Scotland where the information was laid or the proceedings were commenced more than twelve months after evidence sufficient in the opinion of an appropriate authority to justify them came to his knowledge; and for this purpose a certificate of an appropriate authority as to the date on which

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

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such evidence came to his knowledge and that he is the appropriate authority whose knowledge is relevant shall be conclusive evidence.

- (6) In subsection (5) of this section, the expression " appropriate authority " means the Minister of Housing and Local Government, the Secretary of State for Wales or the Secretary of State for Scotland or, in the case of proceedings which are brought by or with the consent of the Director of Public Prosecutions or, in Scotland, are not preceded by a report of the facts made by one of the Ministers aforesaid to the Lord Advocate, means the Director of Public Prosecutions or the Lord Advocate as the case may be.

### **32 Interpretation of Part II.**

- (1) In this Part of this Act, the following expressions have the following meanings respectively, that is to say—

" building society " has the same meaning as in the Building Societies Act 1962 ;

" development corporation " means a development corporation established under the New Towns Act 1946 or the New Towns Act 1965 ;

" friendly society " means a registered society or branch within the meaning of the Friendly Societies Act 1896;

" housing association " has the same meaning as for the purposes of section 43 of the Finance Act 1963;

" insurance company " means an insurance company to which the Insurance Companies Act 1958 applies, and, except in section 30 of this Act, includes a company which is not such an insurance company but whose business consists only of business which is complementary to insurance business of the classes carried on by one or more such insurance companies and every member of which is either—

- (a) such an insurance company to whose business its business is so complementary ; or
- (b) a company which is not such an insurance company but which, for the purposes of paragraph 24 of Schedule 8 to the Companies Act 1948, is a wholly owned subsidiary of a company such as is mentioned in paragraph (a) of this definition; or
- (c) a nominee of a company such as is mentioned in paragraph (a) or (b) of this definition.

- (2) Subject to any regulations under section 26(4) of this Act, any reference in any provision of this Part of this Act to the Minister shall, according as the qualifying lenders concerned in any particular exercise of any function of the Minister under that provision consist of local authorities in, or other bodies having their registered, head or chief offices in, one only, or both of any two, or each of all three, of England, Wales and Scotland be construed, as the case may require, as a reference to such one, or to such two acting jointly, as may be appropriate, or to all three acting jointly, of the Minister of Housing and Local Government, the Secretary of State for Wales and the Secretary of State for Scotland; and for the purposes of this subsection Monmouthshire shall be deemed to form part of Wales.

- (3) In the application of this Part of this Act to Scotland—

- (a) any reference therein to a freehold or leasehold estate shall be construed as a reference to an interest in land ;



- (b) any reference therein to a loan upon the security of such an estate as aforesaid or other like reference shall be construed as a reference to a loan upon a heritable security within the meaning of the Building Societies Act 1962.

## **PART III**

### **GENERAL**

#### **33 Expenses.**

There shall be defrayed out of moneys provided by Parliament—

- (a) any payment made under Part I or II of this Act by the Minister of Housing and Local Government or the Secretary of State for Wales ;
- (b) any payment made under the said Part II by the Secretary of State for Scotland;
- (c) any increase attributable to any of the provisions of this Act in the sums payable out of moneys so provided under any other Act.

#### **34 Short title, construction of references, and extent.**

- (1) This Act may be cited as the Housing Subsidies Act 1967.
- (2) Save where the context otherwise requires, any reference in this Act to an enactment shall be construed as a reference to that enactment as amended by or under any other enactment, including any enactment contained in this Act.
- (3) Part I of this Act does not extend to Scotland.
- (4) This Act does not extend to Northern Ireland.