



Housing Associations Act 1985

1985 CHAPTER 69

PART II

HOUSING ASSOCIATION FINANCE

Housing association grants

41 Housing association grants

- (1) The Secretary of State may make grants (" housing association grants ") to registered housing associations in respect of their expenditure in connection with housing projects which are approved by him or fall within an approved development programme.
- (2) An approved development programme is a programme for the development of housing by registered housing associations prepared by the Housing Corporation or a local authority and for the time being approved by the Secretary of State for the purposes of this section.

42 Projects qualifying for grant: accommodation for letting, hostels

- (1) A project is a housing project for the purposes of housing association grant if it is undertaken for the purpose of—
 - (a) providing dwellings for letting,
 - (b) providing a building for use as a hostel,
 - (c) improving or repairing such accommodation, or
 - (d) providing land or buildings which, in the opinion of the Secretary of State, will be for the benefit of persons for whom such accommodation is provided, or improving or repairing such buildings.
- (2) In subsection (1)—
 - (a) " letting " in paragraph (a) includes the grant of a shared ownership lease, and

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- (b) in paragraph (b) " building " includes part of a building and " hostel" includes part of a hostel.
- (3) References in this section to letting or the grant of a lease include the grant of a licence to occupy.

43 Projects qualifying for grant: improvement for sale

A project where a registered housing association, after carrying out works of repair, improvement or conversion—

- (a) disposes of a house as one dwelling,
- (b) divides a house into two or more separate dwellings and disposes of them, or
- (c) combines two houses to form one dwelling and disposes of it,

is a housing project for the purposes of housing association grant.

44 Projects qualifying for grant: repair or improvement after exercise of right to buy etc.

- (1) A project where a registered housing association carries out works of repair or improvement to a dwelling-house, or to the building in which a dwelling-house is situated, after the tenant has exercised, or claimed to exercise, the right to buy or the right to a shared ownership lease under Part V of the Housing Act 1985 is a housing project for the purposes of housing association grant.
- (2) Where in such a case a housing association grant is made after the tenant has exercised the right to buy or the right to be granted a shared ownership lease, the Secretary of State may reduce the amount of the grant.
- (3) In this section " dwelling-house " has the same meaning as in Part V of the Housing Act 1985.

45 Projects qualifying for grant: disposal to tenant of charitable housing association etc.

- (1) A project where a registered housing association first acquires a house and then disposes of it at a discount to a tenant to whom this section applies is a housing project for the purposes of housing association grant.
- (2) This section applies to a tenant of a publicly-funded dwelling who, but for paragraph 1 of Schedule 5 to the Housing Act 1985 (exceptions to the right to buy: landlord a charitable housing trust or housing association) would have the right to buy.
- (3) A dwelling is publicly-funded for this purpose if housing association grant has been paid in respect of a project which included—
 - (a) the acquisition of the dwelling,
 - (b) the acquisition of a building and the provision of the dwelling by means of the conversion of the building, or
 - (c) the acquisition of land and the construction of the dwelling on the land.
- (4) Where a registered housing association contracts for the acquisition of a house and, without taking the conveyance, grant or assignment, disposes of its interest to a tenant to whom this section applies, subsection (1) and the following provisions have effect as if the association first acquired the house and then disposed of it to the tenant—

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section 8 (disposal of land by registered housing associations),
section 9 (consent of Housing Corporation to disposals),
Schedule 2 (covenants for repayment of discount on early disposal and restricting disposal of houses in National Parks, &c),
section 79(2) (power of Housing Corporation to lend to person acquiring interest from registered housing association), and
section 130 of the Housing Act 1985 (reduction of discount on exercise of right to buy where previous discount given).

46 Applications for housing association grant

- (1) A housing association grant is not payable in respect of a project unless an application for it is submitted to the appropriate body.
- (2) The appropriate body in England and Wales is—
 - (a) where the housing association concerned makes an application to a local authority for a loan under section 58(2) in connection with the project, that authority, and
 - (b) in any other case, the Housing Corporation.
- (3) The appropriate body in Scotland is a local authority, the Housing Corporation or the Secretary of State.
- (4) Where a local authority or the Housing Corporation receive an application under this section, they shall forward it to the Secretary of State together with their own assessment of the project.

47 Amount of housing association grant: net cost

- (1) The housing association grant payable in respect of a project is equal to the net cost of the project to the association, determined in accordance with the following provisions, but subject to section 48 (maximum levels of cost and grant).
- (2) The net cost of a project to the association is the difference between—
 - (a) the estimated expenditure of the association which is, in the opinion of the Secretary of State, attributable to the project and is reasonable and appropriate having regard to all the circumstances, and
 - (b) the estimated income which, in the opinion of the Secretary of State, the association might reasonably be expected to receive in respect of the project, including sums received or to be received by way of grant 01 subsidy, other than sums received or to be received by way of housing association grant.
- (3) Estimated expenditure and estimated income for this purpose shall be calculated in such manner as the Secretary of State may, with the consent of the Treasury, from time to time determine, and the calculation may take account of expenditure and income likely to be incurred or received in connection with the premises to which the project relates after the completion of the project.
- (4) Before making a general determination under subsection (3) the Secretary of State shall consult such bodies appearing to him to be representative of housing associations as he considers appropriate.

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- (5) In determining the net cost of a project the Secretary of State may adopt the assessment of the body forwarding the grant application to him under section 46.
- (6) If in the case of an application for a housing association grant in respect of a particular project it appears to the Secretary of State appropriate to do so, he may determine the net cost in such manner as he considers appropriate instead of in accordance with the preceding provisions.

48 Amount of housing association grant: maximum levels of cost and grant

- (1) The Secretary of State may, with the consent of the Treasury, determine maximum levels of cost or of housing association grant applicable to—
 - (a) housing projects generally,
 - (b) any description of housing project, or
 - (c) a particular housing project,and the amount of grant payable shall be limited in accordance with any such determination.
- (2) Before making a general determination under subsection (1) the Secretary of State shall consult such bodies appearing to him to be representative of housing associations as he considers appropriate.
- (3) The maximum grant which may be paid for any one dwelling in a case of the kind mentioned in section 43 (where dwelling disposed of after conversion, &c.) is—
 - (a) in respect of a dwelling in Greater London or the City of Glasgow district, £12,500,
 - (b) in respect of a dwelling elsewhere, £9,500,or such other sum as the Secretary of State may prescribe by order made with the consent of the Treasury.
- (4) An order—
 - (a) may make different provision for different cases or descriptions of case, including different provision for different areas;
 - (b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.

49 Payment of housing association grants

- (1) A housing association grant in respect of a project is payable either in a single sum or in annual instalments, as the Secretary of State may determine.
- (2) A grant payable in a single sum is payable when in the opinion of the Secretary of State the project is completed or its completion has become impossible.
- (3) A grant payable in annual instalments is payable in instalments—
 - (a) beginning in the financial year in which, in the opinion of the Secretary of State, the project is completed or its completion has become impossible, and
 - (b) continuing over such number of years as he may determine, either generally or in relation to the particular project.
- (4) The Secretary of State may, if he considers it appropriate to do so, make payments on account of the grant at a time earlier than indicated by subsection (2) or (3).

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- (5) The Secretary of State may, on such terms as he may with the approval of the Treasury specify, appoint the Housing Corporation or a local housing authority to act as his agent in connection with the making, in such cases as he may specify, of payments in respect of housing association grant; and, where such an appointment is made, the Corporation or authority shall act as such an agent in accordance with the terms of their appointment
- (6) No sum shall be paid in respect of a housing association grant to a body which has been removed from the register of housing associations under section 6.

50 Grant conditions

- (1) The Secretary of State may provide—
 - (a) where the project is approved by him for the purposes of housing association grant, in giving his approval, or
 - (b) where the project falls within an approved development programme (and thus does not require separate approval), before first making a payment of grant in respect of the project,that the payment of a housing association grant is conditional on compliance by the housing association concerned with such conditions as he may specify.
- (2) The conditions may include, in a case where the project has not yet been completed, conditions as to the period within which it is to be completed.

51 Payment of grant to another association on transfer of property

- (1) The Secretary of State may, where at any time—
 - (a) a housing association grant is payable in respect of a project, and
 - (b) a dwelling or hostel to which the project relates, or part of such a dwelling or hostel, becomes vested in, or is leased for a term exceeding seven years to, a registered housing association other than the association by whom the grant application was made, or trustees for such an association,pay to that other association the whole or part of the housing association grant, or any instalment of it, which would otherwise have been paid after that time to the association by whom the grant application was made.
- (2) For the purposes of subsection (1) a lease shall be treated as being for a term exceeding seven years where the original term is for a lesser period but the lease confers on the lessee an option for renewal for a term which, together with the original term, exceeds seven years.

52 Circumstances in which grant may be reduced, suspended or reclaimed

- (1) This section applies where a housing association grant has been made to an association and—
 - (a) a condition imposed under section 50 is not complied with, or
 - (b) the Secretary of State is satisfied that land to which the grant relates has ceased to be used, or to be available for use, for the purpose for which, at the time the project concerned was approved, it was intended that it should be used, or
 - (c) land to which the grant relates is disposed of (in any manner) by the association, or

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- (d) there is paid to the association, in respect of land to which the grant relates, an amount payable in pursuance of the covenant required by paragraph 1 of Schedule 2 to this Act or section 155 of the Housing Act 1985 (repayment of discount on early disposal) or any other covenant or provision to the like effect, or
 - (e) there is paid to the association, in respect of land to which the grant relates, an amount payable in pursuance of the provision required by paragraph 1 or 6 of Schedule 8 to the Housing Act 1985 (terms of shared ownership lease: acquisition of additional shares or payment for outstanding share on disposal) or any other provision to the like effect.
- (2) Where this section applies, the Secretary of State may—
- (a) reduce the amount of, or of any payment in respect of, the grant,
 - (b) suspend or discontinue any instalment of the grant, or
 - (c) if a payment has been made to the association in respect of the grant, direct the association to pay to him an amount equal to the whole, or such proportion as he may determine, of the amount paid to the association.
- (3) Where, after a housing association grant has been made to an association, there is—
- (a) such a disposal as is mentioned in subsection (1)(c), or
 - (b) such a payment as is mentioned in subsection (1)(d) or (e),
- the association shall notify the Secretary of State, and if so required by written notice of the Secretary of State, shall furnish him with such particulars of and information relating to the disposal or payment as are specified in the notice.
- (4) Where a housing association grant has been made to an association, the Chief Land Registrar may furnish the Secretary of State with such particulars and information as he may reasonably require for the purpose of determining—
- (a) whether there has been such a disposal as is mentioned in subsection (1)(c), or
 - (b) whether there has been made such a payment as is mentioned in subsection (1)(d) or (e).

53 Recoupment of surplus rental income

- (1) A registered housing association which has at anytime received a housing association grant shall show separately in its accounts for any period the surpluses arising from increased rental income during that period from housing projects in connection with which the grant was made.
- (2) The surpluses shall be shown by each association in a fund to be known as the Grant Redemption Fund ; and the method of constituting the Fund and of showing it in the association's accounts shall be as required by order of the Secretary of State under section 24 (general requirements as to accounts).
- (3) The surpluses in respect of a period shall be calculated in such manner as the Secretary of State may determine for housing associations generally.
- (4) In making that determination the Secretary of State may take account of—
 - (a) the rental income received or capable of being received by an association, and
 - (b) the management and maintenance costs and loan charges incurred or likely to be incurred by it;

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and surpluses may be calculated differently for housing associations of different kinds or dwellings in different parts of Great Britain.

- (5) The manner of calculating surpluses shall be determined after consultation with organisations appearing to the Secretary of State to be representative of registered housing associations, and shall be made known to the associations.
- (6) The Secretary of State may from time to time give notice to a registered housing association requiring it to pay to him, with interest if demanded, or to apply or appropriate for purposes he specifies, any sums standing in its Grant Redemption Fund at the end of a period of account.
- (7) Interest demanded by such a notice is payable—
 - (a) at the rate or rates previously determined by the Secretary of State, with the consent of the Treasury, for housing associations generally and published by him, or, if no such determination has been made, at the rate or rates specified with the consent of the Treasury in the notice ;
 - (b) either from the date of the notice or from such earlier date, not earlier than the end of the period of account, as may be specified in the notice.