

*Status: Point in time view as at 01/12/2008.*

*Changes to legislation: There are currently no known outstanding effects for the Housing Associations Act 1985, Part I. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 5

#### HOUSING ASSOCIATION FINANCE: SUPERSEDED SUBSIDIES, CONTRIBUTIONS AND GRANTS

##### PART I

##### RESIDUAL SUBSIDIES: ENGLAND AND WALES

###### Modifications etc. (not altering text)

**C1** Sch. 5 Pt. I modified by [Housing Act 1988 \(c. 50, SIF 61\)](#), 57(c)

*(ss. 72 and 73 of the Housing Finance Act 1972) Entitlement to residual subsidies*

- 1 (1) Basic residual subsidy is payable to a housing association in accordance with the following provisions where the association received payments from the Secretary of State for the financial year 1971-72 under certain enactments under which, in accordance with the <sup>M1</sup>Housing Finance Act 1972, no payments were to be made for 1972-73 or any subsequent year.
- (2) A housing association is entitled to basic residual subsidy for a financial year if—
- (a) it was entitled to basic residual subsidy under section 72 of the Housing Finance Act 1972 for the financial year 1972-73, and
  - (b) it has continued to be entitled to basic residual subsidy, under that section or this Schedule, for each succeeding financial year up to and including that immediately before the year in question.
- (3) The amount of basic residual subsidy payable to an association for any year is the amount (if any) by which the basic residual subsidy payable for the previous year exceeds the withdrawal factor.
- (4) Subject to any direction of the Secretary of State under paragraph 4(2), the withdrawal factor is the sum produced by multiplying £20 by the number of dwellings as at 31st March 1972 in respect of which the association's subsidies for 1971-72 (as defined in section 72(4) of the Housing Finance Act 1972) were payable.

###### Marginal Citations

**M1** 1972 c. 47.

- 2 (1) Special residual subsidy is payable to a housing association in accordance with the following provisions in respect of dwellings which—
- (a) were approved by the Secretary of State for the purposes of Part I of the <sup>M2</sup>Housing Subsidies Act 1967 before 10th August 1972, and

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- (b) were completed during the year 1972-73, 1973-74 or 1974-75.
- (2) A housing association is entitled to special residual subsidy for a financial year if—
- (a) it was entitled by virtue of section 73 of the Housing Finance Act 1972 to special residual subsidy for any of the years 1972-73, 1973-74 or 1974-75, and
  - (b) it has continued to be entitled to special residual subsidy, under that section or this Schedule, for each succeeding financial year up to and including that immediately before the year in question.
- (3) The amount of special residual subsidy payable to an association for any year is the amount (if any) by which the special residual subsidy payable for the previous year exceeds the reduction factor.
- (4) Subject to any direction of the Secretary of State under paragraph 4(2), the reduction factor is the sum produced by multiplying £20 by the number of dwellings satisfying the description in sub-paragraph (1).

**Modifications etc. (not altering text)**

- C2** Sch. 5 para. 2(2)(b) modified (E.W.) (1.12.2008) by [The Transfer of Housing Corporation Functions \(Modifications and Transitional Provisions\) Order 2008 \(S.I. 2008/2839\)](#), arts. 1(1), 3, **Sch. para. 3** (with art. 6) (see S.I. 2008/3068, art. 2(1)(b))

**Marginal Citations**

- M2** 1967 c. 29.

- 3 No basic or special residual subsidy is payable to a co-operative housing association.

*Power to vary withdrawal factor or reduction factor*

- 4 (1) This paragraph applies where a housing association, by furnishing to the Secretary of State such information as to its financial position as he may require, satisfies him as regards any financial year that its income from its dwellings will be, or was, inadequate having regard to its normal sources of income to meet such expenditure (including loan charges) as in his opinion it would be, or was, reasonable for the association to incur for that financial year in the exercise of its housing functions.
- (2) Where this paragraph applies, the Secretary of State may direct that the amount of basic residual subsidy or special residual subsidy payable to the association for the financial year in question shall be determined—
- (a) by reference to a withdrawal factor or reduction factor calculated by reference to a smaller sum of money per dwelling than that mentioned in paragraph 1(4) or 2(4), or
  - (b) by reference to a withdrawal factor or reduction factor of zero.
- (3) A direction under this paragraph may be varied or revoked by the Secretary of State by a further direction.
- (4) In sub-paragraph (1) “housing functions” means—
- (a) constructing or improving, or facilitating or encouraging the construction or improvement, of dwellings,

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- (b) managing dwellings,
- (c) the provision of dwellings by conversion, and
- (d) the acquisition of dwellings;

and includes functions which are supplementary or incidental to any of those functions.

- (5) For the purposes of this paragraph “loan charges”, in relation to money borrowed by an association, means—
- (a) the sums required for the payment of interest on the money and for its repayment, either by instalments or by means of a sinking fund, and
  - (b) the expenses of managing the debt,

and includes any such charges made by the association itself, whether in respect of borrowing from a capital fund kept by the association or in respect of borrowing between accounts kept by the association for different functions, or otherwise.

#### *Administrative provisions*

- 5
- (1) Payment of basic or special residual subsidy is subject to the making of a claim for the payment in such form, and containing such particulars, as the Secretary of State may from time to time determine.
  - (2) The amount of basic or special residual subsidy payable to a housing association for a financial year shall be calculated to the nearest pound by rounding up any odd amount of 50p or more and rounding down any lesser amount.
  - (3) Basic or special residual subsidy is payable . . . <sup>F1</sup> subject to such conditions as to records, certificates, audit or otherwise as the Secretary of State may, . . . <sup>F1</sup>, impose.

#### **Textual Amendments**

- F1** Words repealed by [Housing Act 1988 \(c. 50, SIF 61\)](#), ss. 59(2)(3)(4), 140(2), Sch. 6 Pt. II para. 30(1) (a), [Sch. 18](#)

#### *Powers exercisable in case of disposal of dwellings by association*

- 6
- (1) The Secretary of State may reduce, suspend or discontinue the payment of basic or special residual subsidy to an association if the association leases for a term exceeding seven years or otherwise disposes of any of the dwellings in respect of which the association is entitled to the payment.
  - (2) If any dwellings of an association are leased for a term exceeding seven years to, or become vested in—
    - (a) another housing association, or trustees for another housing association, or
    - (b) the Housing Corporation <sup>F2</sup> . . . ,the Secretary of State may pay to them any basic or special residual subsidy which he would otherwise have paid to the former association for any financial year, beginning with that in which the dwellings are so leased or become so vested.
  - (3) For the purposes of this paragraph 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

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confers on the lessee an option for renewal for a term which, together with the original term, exceeds seven years.

**Textual Amendments**

**F2** Words in Sch. 5 Pt. I para. 6(2)(b) repealed (1.11.1998) by 1998 c. 38, ss. 140, 152, Sch. 16 para. 52, Sch. 18 Pt. VI; S.I. 1998/2244, art. 5

**Modifications etc. (not altering text)**

**C3** Sch. 5 para. 6(2)(b) modified (E.W.) (1.12.2008) by [The Transfer of Housing Corporation Functions \(Modifications and Transitional Provisions\) Order 2008 \(S.I. 2008/2839\)](#), arts. 1(1), 3, **Sch. para. 3** (with art. 6) (see S.I. 2008/3068, art. 2(1)(b))

*Saving for financial years beginning before the commencement of this Act*

- 7 (1) The preceding provisions apply in relation to the financial year 1986-87 and subsequent financial years.
- (2) The repeal by the <sup>M3</sup>Housing (Consequential Provisions) Act 1985 of the provisions of the <sup>M4</sup>Housing Finance Act 1972 relating to basic and special residual subsidies does not affect the operation of those provisions in relation to previous financial years.

**Marginal Citations**

**M3** 1985 c. 71.

**M4** 1972 c. 47.

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