



# Housing (Scotland) Act 1987

## 1987 CHAPTER 26

### PART XII

#### HOUSE LOANS AND OTHER FINANCIAL ASSISTANCE

##### *House loans: general*

- 214 Power of local authority to make advances for the purpose of increasing housing accommodation.**
- (1) A local authority may advance money to any person for the purpose of—
    - (a) acquiring a house;
    - (b) constructing a house;
    - (c) converting another building into a house or acquiring another building and converting it into a house; or
    - (d) altering, enlarging, repairing or improving a house; or
    - (e) subject to subsection (4), facilitating the repayment by means of the advance of the amount outstanding on a previous loan made for any of the purposes specified in paragraphs (a) to (d).
  - (2) The authority may make advances whether or not the houses or buildings are in the authority's area.
  - (3) In determining whether to advance money under subsection (1), the local authority shall have regard to any advice which may be given from time to time by the Secretary of State.
  - (4) An advance shall not be made for the purpose specified in paragraph (e) of subsection (1) unless the local authority satisfy themselves that the primary effect of the advance will be to meet the housing needs of the applicant by enabling him either to retain an interest in the house concerned or to carry out such works in relation to that house as would be eligible for an advance by virtue of paragraph (c) or (d) of that subsection.

*Status: Point in time view as at 01/02/1991.*

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- (5) An advance under this section may be made in addition to assistance given by the local authority in respect of the same house under any other Act or any other provision of this Act.
- (6) If it appears to a local authority that the principal effect of the making of an advance under subsection (1) in respect of any premises would be to meet the housing needs of the applicant, they may make the advance notwithstanding that it is intended that some part of the premises will be used or, as the case may be, will continue to be used, otherwise than as a house, and accordingly where, by virtue of this subsection, a local authority propose to make an advance in respect of any premises, the premises shall be treated for the purposes of subsections (1) to (4) as, or as a building to be converted into, a house.
- (7) In this section any reference to a house includes a reference to any part share of it.
- (8) Schedule 17 shall have effect in relation to the terms of an advance under this section.

## **215 Requirements as to meeting tolerable standard.**

- (1) Before advancing money under section 214 for the purpose of acquiring a house, the local authority shall satisfy themselves that the house to be acquired will meet the tolerable standard.
- (2) Before advancing money under this section for any of the purposes specified in paragraphs (b) to (d) of subsection (1), the authority shall satisfy themselves that the house to be constructed, altered, enlarged, repaired, improved or into which the building is to be converted, as the case may be, will, when the construction, alteration, enlargement, repair, improvement or conversion has been completed, meet that standard.

### *House loans: special cases*

## **216 House loans to tenants exercising right to purchase.**

- (1) A tenant who seeks to exercise his right to purchase a house under Part III and who has received an offer to sell (or, as the case may be, an amended offer to sell) from the landlord shall be entitled, together with any joint purchaser under section 61(6) (and the said tenant and any joint purchaser are referred to in this section as “the applicant”) to apply—
  - (a) in the case where the landlord is a development corporation (including an urban development corporation) or the Scottish Special Housing Association, to that body; or
  - [<sup>F1</sup>(b) in a case where the landlord is the Housing Corporation or a housing association registered in the register maintained by the Housing Corporation, to the Housing Corporation;
  - (bi) in a case where the landlord is a housing association registered in the register maintained by Scottish Homes, to Scottish Homes;]
  - (c) in any other case, to the local authority for the area in which the house is situated,

for a loan of an amount not exceeding the price fixed under section 62 to assist him to purchase the house.

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- (2) A loan application under subsection (1)—
  - (a) must be served on the landlord or other body—
    - (i) within one month after service on the tenant of the offer to sell (or, where there has been service of one or more amended offers to sell or there has been a determination by the Lands Tribunal under section 65(3) which does not require the issue of an amended offer to sell, of the latest of these); or
    - (ii) within one year and 10 months after service of the application to purchase if the tenant has, in terms of section 67, a fixed price option as regards the house;
  - (b) shall be in such form as the Secretary of State shall by order made by statutory instrument prescribe, and shall contain—
    - (i) the amount of the loan which the applicant seeks;
    - (ii) the applicant's annual gross income and his net income after payment of income tax and national insurance contributions;
    - (iii) any liabilities in respect of credit sales or other fixed outgoings of the applicant; and
    - (iv) a statement that the applicant has applied for and been unable to obtain a sufficient building society loan; and
  - (c) shall be accompanied by evidence of the matters referred to in sub-paragraphs (ii) to (iv) of paragraph (b).
- (3) Subject to such requirements as the Secretary of State may by order made by statutory instrument impose, a landlord or other body which receives an application under subsection (1) shall, where it is satisfied on reasonable inquiry (which shall include reasonable opportunity for the applicant to amend his application) that the information contained in the loan application is correct, serve on the applicant an offer of loan, which shall specify a maximum amount of loan calculated in accordance with regulations made by statutory instrument by the Secretary of State.
- (4) A landlord or other body to which application has been made under subsection (1) shall complete its inquiries and either—
  - (a) issue the offer of loan under subsection (3); or
  - (b) refuse the application on the ground that information contained in the loan application is incorrect in a material respect,within 2 months of the date of service of the loan application.
- (5) An applicant who wishes to accept an offer of loan shall do so along with his notice of acceptance under sections 66(1) or 67(1).
- (6) An offer of loan under subsection (3) together with an acceptance under subsection (5) shall constitute an agreement by the landlord or other body, subject to such requirements as the Secretary of State may by order made by statutory instrument impose, to lend to the applicant for the purpose of purchasing the house—
  - (a) the maximum amount of loan mentioned in subsection (3); or
  - (b) the amount of loan sought by the applicant,whichever is the lesser, on the execution by the applicant of a standard security over the house.
- (7) An applicant who is aggrieved by a refusal under subsection (4)(b), or by a failure to comply with the said subsection, or by the calculation of maximum amount of

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loan mentioned in subsection (3) may, within 2 months of the date of the refusal or failure or of the offer of loan, as the case may be, raise proceedings by way of summary application in the sheriff court for the district in which the house is situated for declarator that he is entitled to a loan in accordance with subsection (3).

- (8) Where in proceedings under subsection (7) the sheriff grants declarator that the applicant is entitled to a loan, such declarator shall have effect as if it were an offer of loan of the amount specified in the declarator duly issued under this section by the landlord or other body.
- (9) A statutory instrument made under subsection (3) or (6) shall be subject to annulment in pursuance of a resolution of either House of Parliament.

#### Textual Amendments

- F1 S. 216(1)(b)(bi) substituted for s. 216(1)(b) by [Housing \(Scotland\) Act 1988 \(c. 43, SIF 61\)](#), ss. 1, 3, [Sch. 2 para. 13](#)

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

- C1 S. 216 modified (13.3.1992) by [S. I. 1992/325](#), regs.3, 5, 7, [Sch. 1](#)

### 217 Duty of local authorities to offer loans to meet expenses of improvement of houses in housing action areas.

- (1) Where the owner or the lessee of a house situated in a housing action area is willing to carry out improvement works which are, in the opinion of the local authority, required in order to bring the house up to the standard specified under section 90(3) or by virtue of section 91(3), he may, not later than 9 months from the date of publication and service of a notice of a final resolution passed under Part I of Schedule 8, apply to the local authority for a loan.
- (2) Subject to this section, if the local authority are satisfied that the applicant can reasonably be expected to meet obligations assumed by him in pursuance of this section in respect of a loan of the amount of the expenditure to which the application relates, the authority shall offer to make a loan of that amount to the applicant, the loan to be secured to the authority by a standard security over the premises consisting of or comprising the house.
- (3) Subject to this section, if the local authority are not so satisfied, but consider that the applicant can reasonably be expected to meet obligations assumed by him in pursuance of this section in respect of a loan of a smaller amount, the authority may, if they think fit, offer to make a loan of that smaller amount to the applicant, the loan to be secured as aforesaid.
- (4) Any offer made by the local authority under this section shall contain a condition to the effect that, if an improvement grant or a repairs grant becomes payable under Part XIII in respect of the expenditure to which the application under this section relates, the authority shall not be required to lend a sum greater than the amount of the expenditure to which the application relates after deduction of the amount of the grant.
- (5) The local authority shall not make an offer under the foregoing provisions of this section unless they are satisfied that—

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- (a) the applicant's estate or interest in the house amounts to ownership or a lease for a period which will not expire before the date for final repayment of the loan, and
  - (b) according to a valuation made on behalf of the local authority, the amount of the principal of the loan does not exceed the value which it is estimated the subjects comprised in the security will bear after improvement of the house or houses to the standard specified under section 90(3) or by virtue of section 91(3).
- (6) The rate of interest payable on a loan under this section shall be a variable rate calculated under section 219.
- (7) Subject to this section, the loan offered by the local authority under this section shall be subject to such reasonable terms as the authority may specify in their offer.
- (8) The local authority's offer may in particular include any such terms as are described in paragraphs 4 to 7 of Schedule 17 (repayment of principal and interest) and provision for the advance being made by instalments from time to time as the works of improvement progress.
- (9) Where an improvement grant or repairs grant is payable partly in respect of expenditure to which the application under this section relates, and partly in respect of other expenditure, the reference in subsection (4) to an improvement grant or repairs grant shall be taken as a reference to the part of the grant which in the opinion of the local authority is attributable to the expenditure to which the application under this section relates.

## **218 Duty of local authority to offer loans to meet expenses of repairs.**

- (1) Where the person having control of a house is willing to carry out the works necessary to rectify the defects specified in the notice under section 108(2), he may, not later than 21 days from the date of service of the said notice, or from the date of determination of any appeal, apply to the local authority for a loan.
- (2) Subsections (2) to (8) of section 217 shall apply for the purposes of this section as they apply for the purposes of that section, but as if in subsection (5)(b) for the words from "improvement" to the end there were substituted the words "the works necessary to rectify the defects specified in the repair notice have been executed."

### *Rates of interest on home loans*

## **219 Local authority home loan interest rates.**

- (1) Subject to subsections (2) and (3)—
- (a) any advance of money under a power conferred by section 214 or under any other power to make loans for the like purposes; and
  - (b) any sum secured under any arrangement by which the price or part of the price of a house sold by a local authority is secured by a standard security; and
  - (c) any sum secured under any security which is taken over by a local authority under a power conferred by section 229 (local authority indemnities for building societies, etc.),
- is a variable interest home loan for the purposes of this section.

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- (2) This section does not apply to an advance made before 3rd October 1980 or to a sum secured in respect of the price of a house agreed to be sold before then or (where subsection 1(c) applies) to a security granted before then.
- (3) This section shall not apply to an advance made in implement of a contract constituted by an offer of advance made before that date and an unqualified acceptance of that offer thereafter.
- (4) Subject to section 220, a local authority shall, in respect of their variable interest home loans, charge a rate of interest which shall be equal to whichever is the higher of the following—
  - (a) the standard rate for the time being, as declared by the Secretary of State in accordance with subsection (5);
  - (b) the locally determined rate calculated in accordance with subsection (6).
- (5) In considering what rate to declare as the standard rate for the purposes of subsection (4), the Secretary of State shall take into account interest rates charged by building societies in the United Kingdom and any movement in those rates.
- (6) The locally determined rate for the purposes of this section shall be the rate which is necessary to service loan charges on money which is to be applied to making variable interest home loans during the relevant period of six months (referred to in subsection (7)), together with the addition of one quarter per cent. to cover the administration cost of making and managing variable interest home loans.
- (7) The locally determined rate, for the purposes of this section, shall be determined by each local authority for the period of 6 months not less than one month before the beginning of the relevant period.
- (8) Nothing in this or the following two sections shall affect the operation of section 223(1)(b) (under which a part of certain loans may be free of interest for up to 5 years).

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

**C2** S. 219 excluded by [Local Government Act 1988 \(c. 9, SIF 81:1\)](#), s. 24(4)

**220 Variation of rate by local authority.**

- (1) Where the declaration of a new standard rate or, as the case may be, the determination of a new locally determined rate, affects the rate of interest chargeable under section 219 by a local authority the authority shall, as soon as practicable after such declaration or determination, serve in respect of each of its variable interest home loans a notice on the borrower which shall, as from the appropriate day—
  - (a) vary the rate of interest payable by him; and
  - (b) where, as the result of the variation, the amount outstanding under the advance or security would increase if the periodic repayments were not increased, increase the amount of the periodic repayments to such an amount as will ensure that the said outstanding amount will not increase.
- (2) In subsection (1), “the appropriate day” means such day as shall be specified in the notice, being—

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- (a) in the case of a new standard rate, a day not less than 2 weeks, nor more than 6 weeks, after service of the notice; and
- (b) in the case of a new locally determined rate, the first day of the relevant period of 6 months.

## **221 Variation of rate by Secretary of State.**

—Notwithstanding anything contained in sections 219 and 220, but subject to section 230, the Secretary of State may, where he considers that the interest rate charged by a local authority does not satisfy the requirements of section 219(4), direct a local authority—

- (a) to charge an interest rate specified in the direction; and
- (b) to vary the rate in accordance with the provisions of section 220.

*Assistance for first-time buyers*

## **222 Advances to recognised lending institutions to assist first-time buyers.**

- (1) The Secretary of State may make advances to recognised lending institutions enabling them to provide assistance to first-time purchasers of house property in Great Britain where—
  - (a) the purchaser intends to make his home in the property,
  - (b) finance for the purchase of the property (and improvements, if any) is obtained by means of a secured loan from the lending institution, and
  - (c) the purchase price is within the prescribed limits.
- (2) In this section “prescribed” means prescribed by order of the Secretary of State.
- (3) An order—
  - (a) may prescribe different limits for properties in different areas, and
  - (b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

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

- C3** Ss. 222–227: power to amend or repeal conferred by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), [s. 171\(b\)\(2\)](#)

## **223 Forms of assistance and qualifying conditions.**

- (1) Assistance under section 222 (assistance for first-time buyers) may be given in the following ways—
  - (a) the secured loan may be financed by the Secretary of State to the extent of £600 (that amount being normally additional to that which the institution would otherwise have lent, but not so that the total loan exceeds the loan value of the property);
  - (b) £600 of the total loan may be made free of interest, and of any obligation to repay principal, for up to 5 years from the date of purchase; and

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- (c) the institution may provide the purchaser with a bonus on his savings (which bonus shall be tax-exempt) up to a maximum of £110, payable towards the purchase or expenses arising in connection with it.
- (2) The purchaser qualifies for assistance under subsection (1)(a) and (b) (interest-free loan) by satisfying the following conditions with respect to his own savings—
  - (a) that he has been saving with a recognised savings institution for at least 2 years preceding the date of his application for assistance,
  - (b) that throughout the 12 months preceding that date he had at least £300 of such savings, and
  - (c) that by that date he has accumulated at least £600 of such savings;
 and he qualifies for assistance under subsection (1)(c) (bonus on savings) by satisfying the conditions specified in paragraphs (a) and (b) above.
- (3) The Secretary of State may allow for the conditions to be relaxed or modified in particular classes of case.
- (4) No assistance shall be given in any case unless the amount of the secured loan is at least £1,600 and amounts to not less than 25 per cent. of the purchase price of the property.
- (5) The Secretary of State may by order made with the consent of the Treasury—
  - (a) alter any of the money sums specified in this section;
  - (b) substitute a longer or shorter period for either or both of the periods mentioned in subsection (2)(a) and (b) (conditions as to savings);
  - (c) alter the condition in subsection (2)(c) so as to enable the purchaser to satisfy it with lesser amounts of savings and to enable assistance to be given in such a case according to reduced scales specified in the order;
  - (d) alter the percentage mentioned in subsection (4) (minimum secured loan).
- (6) An order shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of the House of Commons.

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

- C4 Ss. 222–227: power to amend or repeal conferred by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 171(b)(2)
- C5 S. 223(3) amended by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 171(3)(a)

**224 Recognised lending institutions.**

- (1) The lending institutions recognised for the purposes of section 222 (assistance for first-time buyers) are—
  - building societies,
  - local authorities,
  - development corporations,
  - The Scottish Special Housing Association,
  - banks,
  - insurance companies, and
  - friendly societies.
- (2) The Secretary of State may by order made with the consent of the Treasury—



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- (a) add to the list in subsection (1), or
  - (b) direct that a named body shall no longer be a recognised lending institution; but before making an order under paragraph (b) he shall give an opportunity for representations to be made on behalf of the body concerned.
- (3) An order shall be made by statutory instrument.

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

- C6** Ss. 222–227: power to amend or repeal conferred by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), [s. 171\(b\)\(2\)](#)

**225 Recognised savings institutions.**

- (1) The savings institutions recognised for the purposes of section 223 (qualifying conditions as to savings) are—
- building societies,
  - local authorities,
  - banks,
  - friendly societies,
  - the Director of Savings, and
  - the Post Office,

and savings institutions recognised for the purposes of the corresponding provisions in force in England or Wales or Northern Ireland.

In this section and in section 227 those corresponding provisions are—

- (a) in relation to England and Wales, sections 445 to 449 of the <sup>M1</sup>Housing Act 1985;
  - (b) in relation to Northern Ireland, Part IX of the <sup>M2</sup>Housing (Northern Ireland) Order 1981.
- (2) The Secretary of State may by order made with the consent of the Treasury—
- (a) add to the list in subsection (1), or
  - (b) direct that a named body shall no longer be a recognised savings institution, but before making an order under paragraph (b) he shall give an opportunity for representations to be made on behalf of the body concerned.
- (3) An order shall be made by statutory instrument.

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

- C7** Ss. 222–227: power to amend or repeal conferred by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), [s. 171\(b\)\(2\)](#)

**Marginal Citations**

- M1** 1985 c. 68.  
**M2** S.I.1981/156 (N.I.3).

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## 226 Terms of advances and administration.

- (1) Advances to lending institutions under section 222 (assistance for first-time buyers) shall be on such terms as to repayment and otherwise as may be settled by the Secretary of State, with the consent of the Treasury, after consultation with lending and savings institutions or organisations representative of them; and the terms shall be embodied in directions issued by the Secretary of State.
- (2) The following matters, among others, may be dealt with in directions issued by the Secretary of State—
  - (a) the cases in which assistance is to be provided;
  - (b) the method of determining the loan value of property for the purpose of section 223(1)(a) (limit on total loan);
  - (c) the method of quantifying bonus by reference to savings;
  - (d) the considerations by reference to which a person is or is not to be treated as a first-time purchaser of house property;
  - (e) the steps which must be taken with a view to satisfying the conditions in section 223(2) (conditions as to purchaser's own savings), and the circumstances in which those conditions are or are not to be treated as satisfied;
  - (f) the supporting evidence and declarations which must be furnished by a person applying for assistance, in order to establish his qualification for it, and the means of ensuring that restitution is made in the event of it being obtained by false representations;
  - (g) the way in which amounts paid over by way of assistance are to be repaid to the lending institutions and to the Secretary of State.
- (3) The Secretary of State may, to the extent that he thinks proper for safeguarding the lending institutions, include in the terms an undertaking to indemnify the institutions in respect of loss suffered in cases where assistance has been given.

### Modifications etc. (not altering text)

- C8** Ss. 222–227: power to amend or repeal conferred by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), [s. 171\(b\)\(2\)](#)

## 227 Modifications of building society law and disapplication of provisions of the Restrictive Trade Practices Act 1976 in relation to assistance for first-time buyers.

- (1) So much of an advance by a building society which is partly financed under section 222 (assistance for first-time buyers) or the corresponding English or Northern Ireland provisions as is so financed shall be treated as not forming part of the advance for the purpose of determining—
  - (a) whether the advance, or any further advance made within two years of the date of purchase, is beyond the powers of the society, and
  - (b) the classification of the advance, or any such further advance, for the purposes of Part III of the <sup>M3</sup>Building Societies Act 1986.
- (2) Section 16(3) and (5) of the <sup>M4</sup>Restrictive Trade Practices Act 1976 (recommendations by service supply associations to members) shall not apply to recommendations made to lending institutions and savings institutions about the manner of implementing

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sections 222 to 226 (assistance for first-time buyers) or the corresponding English or Northern Ireland provisions, provided that the recommendations are made with the approval of the Secretary of State, or as the case may be, the Department of Environment for Northern Ireland, which may be withdrawn at any time on one month's notice.

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

- C9** Ss. 222–227: power to amend or repeal conferred by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), [s. 171\(b\)\(2\)](#)

**Marginal Citations**

- M3** 1986 c. 53.  
**M4** 1976 c. 34.

**228 Exclusion of Restrictive Trade Practices Act: agreements as to loans on security of new houses.**

- (1) In determining for the purposes of the Restrictive Trade Practices Act 1976 whether an agreement between building societies is one to which that Act applies by virtue of an order made, or having effect as if made, under section 11 of that Act (restrictive agreements as to services), no account shall be taken of any term (whether or not subject to exceptions) by which the parties or any of them agree not to grant loans on the security of new houses unless they have been built by or at the direction of a person who is registered with, or has agreed to comply with the standards of house building laid down or approved by, an appropriate body.
- (2) In subsection (1)—
- “appropriate body” means a body concerned with the specification and control of standards of house building which—
- (a) has its chairman, or the chairman of its board of directors or other governing body, appointed by the Secretary of State, and
- (b) promotes or administers a scheme conferring rights in respect of defects in the condition of houses on persons having or acquiring interest in them, and
- “new house” means a building or part of a building intended for use as a private dwelling and not previously occupied as such.
- (3) The reference in subsection (1) to a term agreed to by the parties or any of them includes a term to which the parties or any of them are deemed to have agreed by virtue of section 16 of the <sup>M5</sup>Restrictive Trade Practices Act 1976 (recommendations of services supply associations).

**Marginal Citations**

- M5** 1976 c. 34.

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### *Other assistance*

#### **229 Local authority indemnities for building societies, etc.**

- (1) A local authority may, with the approval of the Secretary of State, enter into an agreement with a building society or recognised body under which the authority binds itself to indemnify the building society or recognised body in respect of—
  - (a) the whole or any part of any outstanding indebtedness of a borrower; and
  - (b) loss or expense to the building society or recognised body resulting from the failure of the borrower duly to perform any obligation imposed on him by a heritable security.
- (2) The agreement may also, where the borrower is made party to it, enable or require the authority in specified circumstances to take an assignation of the rights and liabilities of the building society or recognised body under the heritable security.
- (3) Approval of the Secretary of State under subsection (1) may be given generally in relation to agreements which satisfy specified requirements, or in relation to individual agreements, and with or without conditions, as he thinks fit, and such approval may be withdrawn at any time on one month's notice.
- (4) Before issuing any general approval under subsection (1) the Secretary of State shall consult with such bodies as appear to him to be representative of local authorities, and of building societies, and also with the Building Societies Commission.
- (5) Section 16(3) and (5) of the Restrictive Trade Practices Act 1976 (recommendations by services supply association to members) shall not apply to recommendations made to building societies or recognised bodies about the making of agreements under this section provided that the recommendations are made with the approval of the Secretary of State.
- (6) In this section “recognised body” means a body designated, or of a class or description designated, in an order under this subsection made by statutory instrument by the Secretary of State with the consent of the Treasury.
- (7) Before making an order under subsection (6) varying or revoking an order previously so made, the Secretary of State shall give an opportunity for representations to be made on behalf of a recognised body which, if the order were made, would cease to be such a body.

#### **230 Assistance by local authority for acquiring houses in need of repair and improvement.**

- (1) Notwithstanding any other provision of sections 219, 220 and 221, a local authority may, where the conditions set out in subsection (2) are satisfied, give assistance to a person acquiring a house in need of repair or improvement by making provision for waiving or reducing, for a period ending not later than 5 years after the date of an advance of money of the kind mentioned in section 219(1)(a) or of the granting of a security under an arrangement of the kind mentioned in section 219(1)(b), the interest payable on the sum advanced or remaining outstanding under the security, as the case may be.
- (2) The conditions mentioned in subsection (1) are that—

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- (a) the assistance is given in accordance with a scheme which has been approved by the Secretary of State or which conforms with such requirements as may be specified by the Secretary of State by order made by statutory instrument with the consent of the Treasury; and
- (b) the person acquiring the house has entered into an agreement with the local authority to carry out, within a period specified in the agreement, works of repair or improvement therein specified.

### **231 Loans by Public Works Loan Commissioners for provision or improvement of housing accommodation.**

- (1) The Public Works Loan Commissioners may, subject to the provisions of this section, lend money to any person entitled to any land either as owner or as lessee under a lease of which a period of not less than 50 years remains unexpired at the date of the loan for the purpose of constructing or improving, or facilitating or encouraging the construction or improvement of, houses, and any such person may borrow from the Public Works Loan Commissioners such money as may be required for the purposes aforesaid.
- (2) A loan for any of the purposes specified in subsection (1) shall be secured with interest by a heritable security over the land and houses in respect of which that purpose is to be carried out and over such other land and houses, if any, as may be offered as security for the loan.
- (3) Any such loan may be made whether the person receiving the loan has or has not power to borrow on bond and disposition in security or otherwise, independently of this Act, but nothing in this Act shall affect any regulation, statutory or otherwise, whereby any company may be restricted from borrowing until a definite portion of capital is subscribed for, taken or paid up.
- (4) The following conditions shall apply in the case of any such loan—
  - (a) the period for repayment shall not exceed 40 years;
  - (b) no money shall be lent on the security of any land or houses unless the estate or interest therein proposed to be burdened is either ownership or a lease of which a period of not less than 50 years remains unexpired at the date of the loan;
  - (c) the money lent shall not exceed such proportion as is hereinafter authorised of the value, to be ascertained to the satisfaction of the Public Works Loan Commissioners, of the estate or interest in the land or houses proposed to be burdened in pursuance of subsection (2); but loans may be made by instalment from time to time as the building of houses or other work on the land so burdened progresses, so, however, that the total loans do not at any time exceed the amount aforesaid; and the heritable security may be granted accordingly to secure such loans so to be made from time to time.
- (5) The proportion of such value as aforesaid authorised for the purpose of the loan shall be three-fourths but if the loan exceeds two-thirds of such value, the Public Works Loan Commissioners shall require, in addition to such heritable security as is mentioned in subsection (2), such further security as they may think fit.

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**233 Power of local authority to assist in provision of separate service water pipes for houses.**

- (1) A local authority may if they think fit give assistance in respect of the provision of a separate service pipe for a house in their district which has a piped supply of water from a water main, but no separate service pipe.
- (2) Subject to this section, the assistance shall be by way of making a grant in respect of all or any part of the expenses incurred in the provision of the separate service pipe.
- (3) The reference to expenses in subsection (2) includes, in a case where all or any part of the works required for the provision of the separate service pipe are carried out by a water authority (whether in exercise of default powers or in any other case), a reference to sums payable by the owner of the house, or any other person, to the water authority for carrying out the works.

**234 Financial assistance towards tenants' removal expenses.**

- (1) A local authority shall, in the performance of the functions of management of houses conferred on them by section 17, have power, subject to subsections (2) and (3), in every case where a tenant of a house held by it for housing purposes moves to another house, whether or not that other house is also owned by the local authority—
  - (a) to pay any expenses of the removal;
  - (b) where the tenant is purchasing the house, to pay any expenses incurred by him in connection with the purchase other than the purchase price.
- (2) Paragraph (b) of subsection (1) shall only apply in a case where a tenant of a house moves to another house of the local authority if that house has never been let.
- (3) A local authority may make their payment of expenses in connection with the purchase of a house subject to such conditions as they think fit.
- (4) Nothing in this section shall affect the operation of section 34 of the <sup>M6</sup>Land Compensation (Scotland) Act 1973 (disturbance payments for persons without compensatable interests).
- (5) The power conferred on a local authority by subsection (1) to make allowances towards the expenses incurred in removing by persons displaced in consequence of the exercise by the authority of their powers shall include power to make allowances to persons so displaced temporarily in respect of expenses incurred by them in storage of furniture.
- (6) Where, as a result of action taken by a local authority under Part IV, the population of the locality is materially decreased, the authority may pay to any person carrying on a retail shop in the locality such reasonable allowance as they may think fit towards any loss which, in their opinion, he will thereby sustain, so, however, that in estimating any such loss they shall have regard to the probable future development of the locality.

**Marginal Citations**

**M6** 1973 c. 26.

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*Contributions to assistance for elderly, etc.*

**235 Contributions by other local authorities towards expense of housing pensioners and disabled persons.**

A regional or islands council may make any contribution they think fit towards expenditure incurred by a local authority in connection with—

- (a) the provision, maintenance and management, under this Act, of housing accommodation for disabled persons and persons of pensionable age; and
- (b) the exercise, in relation to housing accommodation so provided, or for the benefit of persons occupying such accommodation, of any of their functions under section 3, 4 or 5.

**Status:**

Point in time view as at 01/02/1991.

**Changes to legislation:**

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