



# Housing Act 1996

## 1996 CHAPTER 52

### PART I

#### SOCIAL RENTED SECTOR

### CHAPTER III

#### GRANTS AND OTHER FINANCIAL MATTERS

##### *Grants and other financial assistance*

#### **18 Social housing grants**

- (1) The Corporation may make grants to registered social landlords in respect of expenditure incurred or to be incurred by them in connection with their housing activities.
- (2) The Corporation, acting in accordance with such principles as it may from time to time determine, shall specify in relation to grants under this section—
  - (a) the procedure to be followed in relation to applications for grant,
  - (b) the circumstances in which grant is or is not to be payable,
  - (c) the method for calculating, and any limitations on, the amount of grant, and
  - (d) the manner in which, and time or times at which, grant is to be paid.
- (3) In making a grant under this section, the Corporation may provide that the grant is conditional on compliance by the landlord with such conditions as the Corporation may specify.
- (4) The Corporation may, with the agreement of a local housing authority, appoint the authority to act as its agent in connection with the assessment and payment of grant under this section.

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- (5) The appointment shall be on such terms as the Corporation may, with the approval of the Secretary of State given with the consent of the Treasury, specify; and the authority shall act in accordance with those terms.
- (6) Where—
- (a) a grant under this section is payable to a registered social landlord, and
  - (b) at any time property to which the grant relates becomes vested in, or is leased for a term of years to, or reverts to, another registered social landlord, or trustees for another such landlord,
- this section (including this subsection) shall have effect after that time as if the grant, or such proportion of it as is specified or determined under subsection (7), were payable to the other landlord.
- (7) The proportion mentioned in subsection (6) is that which, in the circumstances of the particular case—
- (a) the Corporation, acting in accordance with such principles as it may from time to time determine, may specify as being appropriate, or
  - (b) the Corporation may determine to be appropriate.
- (8) Where one of the landlords mentioned in subsection (6) is registered by the Housing Corporation and another is registered by Housing for Wales, the determination mentioned in subsection (7) shall be such as shall be agreed between the two Corporations.

## **19 Land subject to housing management agreement**

A registered social landlord is not entitled to a grant under section 18 (social housing grant) in respect of land comprised in a management agreement within the meaning of the Housing Act 1985 (see sections 27(2) and 27B(4) of that Act: delegation of housing management functions by certain authorities).

## **20 Purchase grant where right to acquire exercised**

- (1) The Corporation shall make grants to registered social landlords in respect of discounts given by them to persons exercising the right to acquire conferred by section 16.
- (2) The amount of the grant for any year shall be the aggregate value of the discounts given in that year.
- (3) The Corporation, acting in accordance with such principles as it may from time to time determine, shall specify in relation to grants under this section—
- (a) the procedure to be followed in relation to applications for grant,
  - (b) the manner in which, and time or times at which, grant is to be paid.
- (4) In making a grant the Corporation may provide that the grant is conditional on compliance by the registered social landlord with such conditions as the Corporation may specify.

## **21 Purchase grant in respect of other disposals**

- (1) The Corporation may make grants to registered social landlords in respect of discounts on disposals by them of dwellings to tenants otherwise than in pursuance of the right conferred by section 16.
- (2) The Corporation shall make such a grant if the tenant was entitled to exercise the right conferred by section 16 in relation to another dwelling of the landlord's.

The amount of the grant in such a case shall not exceed the amount of the discount to which the tenant would have been entitled in respect of the other dwelling.

- (3) The Corporation, acting in accordance with such principles as it may from time to time determine, shall specify in relation to grants under this section—
  - (a) the procedure to be followed in relation to applications for grant;
  - (b) the circumstances in which grant is or is not to be payable;
  - (c) the method for calculating, and any limitations on, the amount of grant; and
  - (d) the manner in which, and time or times at which, grant is to be paid.
- (4) In making a grant under this section, the Corporation may provide that the grant is conditional on compliance by the registered social landlord with such conditions as the Corporation may specify.

## **22 Assistance from local authorities**

- (1) A local authority may promote—
  - (a) the formation of bodies to act as registered social landlords, and
  - (b) the extension of the objects or activities of registered social landlords.
- (2) A local authority may for the assistance of any registered social landlord subscribe for share or loan capital of the landlord.
- (3) A local authority may for the assistance of a registered social landlord—
  - (a) make grants or loans to the landlord, or
  - (b) guarantee or join in guaranteeing the payment of the principal of, and interest on, money borrowed by the landlord (including money borrowed by the issue of loan capital) or of interest on share capital issued by the landlord.
- (4) A local housing authority may sell or supply under a hire-purchase agreement furniture to the occupants of houses provided by a registered social landlord, and may buy furniture for that purpose.

In this subsection “hire-purchase agreement” means a hire-purchase agreement or conditional sale agreement within the meaning of the Consumer Credit Act 1974.

## **23 Loans by Public Works Loans Commissioners**

- (1) The Public Works Loans Commissioners may lend money to a registered social landlord—
  - (a) for the purpose of constructing or improving, or facilitating or encouraging the construction or improvement, of dwellings,
  - (b) for the purchase of dwellings which the landlord desires to purchase with a view to their improvement, and
  - (c) for the purchase and development of land.

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- (2) A loan for any of those purposes, and interest on the loan, shall be secured by a mortgage of—
- (a) the land in respect of which that purpose is to be carried out, and
  - (b) such other lands (if any) as may be offered as security for the loan;
- and the money lent shall not exceed three-quarters (or, if the payment of the principal of, and interest on, the loan is guaranteed by a local authority, nine-tenths) of the value, to be ascertained to the satisfaction of the Public Works Commissioners, of the estate or interest in the land proposed to be so mortgaged.
- (3) Loans may be made by instalments as the building of dwellings or other work on the land mortgaged under subsection (2) progresses (so, however, that the total amount lent does not at any time exceed the amount specified in that subsection); and a mortgage may accordingly be made to secure such loans to be so made.
- (4) If the loan exceeds two-thirds of the value referred to in subsection (2), and is not guaranteed as to principal and interest by a local authority, the Public Works Loans Commissioners shall require, in addition to such a mortgage as is mentioned in that subsection, such further security as they think fit.
- (5) Subject to subsection (6), the period for repayment of a loan under this section shall not exceed 40 years, and no money shall be lent on mortgage of any land unless the estate proposed to be mortgaged is either an estate in fee simple absolute in possession or an estate for a term of years absolute of which not less than 50 years are unexpired at the date of the loan.
- (6) Where a loan under this section is made for the purpose of carrying out a scheme for the provision of houses approved by the Secretary of State, the maximum period for the repayment of the loan is 50 instead of 40 years, and money may be lent on the mortgage of an estate for a term of years absolute of which a period of not less than ten years in excess of the period fixed for the repayment of the sums advanced remains unexpired at the date of the loan.

#### *Treatment of disposal proceeds*

## **24 The disposal proceeds fund**

- (1) A registered social landlord shall show separately in its accounts for any period ending after the coming into force of this section its net disposal proceeds.
- (2) The net disposal proceeds of a registered social landlord are—
- (a) the net proceeds of sale received by it in respect of any disposal of land to a tenant—
    - (i) in pursuance of the right conferred by section 16 (right of tenant to acquire dwelling), or
    - (ii) in respect of which a grant was made under section 21 (purchase grant in respect of other disposals);
  - (b) payments of grant received by it under section 20 or 21 (purchase grant);
  - (c) where any such grant has been paid to it, any repayments of discount in respect of which the grant was given; and
  - (d) such other proceeds of sale or payments of grant (if any) as the Corporation may from time to time determine.

- (3) The net proceeds of sale means the proceeds of sale less an amount calculated in accordance with a determination by the Corporation.
- (4) The disposal proceeds shall be shown in a fund to be known as a disposal proceeds fund.
- (5) The method of constituting the fund and showing it in the landlord's accounts shall be as required by determination of the Corporation under paragraph 16 of Schedule 1 (general requirements as to accounts).
- (6) Interest shall be added to the fund in accordance with a determination made by the Corporation.
- (7) Where this section applies in relation to the proceeds of sale arising on a disposal, section 27 below (recovery, &c. of social housing grants) and section 52 of the Housing Act 1988 (recovery, &c. of grants under that Act and earlier enactments) do not apply.

## **25 Application or appropriation of disposal proceeds**

- (1) The sums standing in the disposal proceeds account of a registered social landlord ("disposal proceeds") may only be applied or appropriated by it for such purposes and in such manner as the Corporation may determine.
- (2) If any disposal proceeds are not applied or appropriated as mentioned in subsection (1) within such time as is specified by determination of the Corporation, the Corporation may direct that the whole or part of them shall be paid to it.

## **26 Disposal proceeds: power to require information**

- (1) The Corporation may give notice—
  - (a) to all registered social landlords,
  - (b) to registered social landlords of a particular description, or
  - (c) to particular registered social landlords,requiring them to furnish it with such information as it may reasonably require in connection with the exercise of its functions under sections 24 and 25 (treatment of disposal proceeds).
- (2) A notice under subsection (1)(a) or (b) may be given by publication in such manner as the Corporation considers appropriate for bringing it to the attention of the landlords concerned.

### *Recovery, &c. of social housing grants*

## **27 Recovery, &c. of social housing grants**

- (1) Where a registered social landlord has received a grant under section 18 (social housing grant), the following powers are exercisable in such events as the Corporation may from time to time determine.
- (2) The Corporation may, acting in accordance with such principles as it has determined—
  - (a) reduce any grant payable by it, or suspend or cancel any instalment of any such grant, or

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- (b) direct the registered social landlord to apply or appropriate for such purposes as the Corporation may specify, or to pay to the Corporation, such amount as the Corporation may specify.
- (3) A direction by the Corporation under subsection (2)(b) may require the application, appropriation or payment of an amount with interest.
- (4) Any such direction shall specify—
  - (a) the rate or rates of interest (whether fixed or variable) which is or are applicable,
  - (b) the date from which interest is payable, and
  - (c) any provision for suspended or reduced interest which is applicable.

The date from which interest is payable must not be earlier than the date of the event giving rise to the exercise of the Corporation's powers under this section.

- (5) In subsection (4)(c)—
  - (a) provision for suspended interest means provision to the effect that if the principal amount is applied, appropriated or paid before a date specified in the direction, no interest will be payable for any period after the date of the direction; and
  - (b) provision for reduced interest means provision to the effect that if the principal amount is so applied, appropriated or paid, any interest payable will be payable at a rate or rates lower than the rate or rates which would otherwise be applicable.
- (6) Where—
  - (a) a registered social landlord has received a payment in respect of a grant under section 18, and
  - (b) at any time property to which the grant relates becomes vested in, or is leased for a term of years to, or reverts to, some other registered social landlord,

this section (including this subsection) shall have effect in relation to periods after that time as if the grant, or such proportion of it as may be determined by the Corporation to be appropriate, had been made to that other registered social landlord.
- (7) The matters specified in a direction under subsection (4)(a) to (c), and the proportion mentioned in subsection (6), shall be—
  - (a) such as the Corporation, acting in accordance with such principles as it may from time to time determine, may specify as being appropriate, or
  - (b) such as the Corporation may determine to be appropriate in the particular case.

*Grants, &c. under earlier enactments*

## **28 Grants under ss.50 to 55 of the Housing Act 1988**

- (1) No application for a grant under section 50 of the Housing Act 1988 (housing association grant) may be made after the commencement of this subsection.
- (2) No application for a grant under section 51 of that Act (revenue deficit grant) may be made after the commencement of this subsection except by an association which had such a deficit as is mentioned in that section for any of the years beginning 1st April 1994, 1st April 1995 or 1st April 1996.

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- (3) Section 52 of that Act (recovery, &c. of grants) is amended as follows—
- (a) in subsection (2)(c), for “to pay to it” substitute “to apply or appropriate for such purposes as the Corporation may specify, or to pay to the Corporation,”;
  - (b) in the closing words of subsection (2), for the words from “requiring” to “interest on that amount” substitute “may require the application, appropriation or payment of an amount with interest”;
  - (c) in subsection (7), for the words from “requiring” to “to the Corporation” substitute “requiring the application, appropriation or payment of an amount with interest”;
  - (d) in subsection (8)(a), for the words from “the amount” to “is paid” substitute “the principal amount is applied, appropriated or paid”;
  - (e) in subsection (8)(b), for “that amount is so paid” substitute “the principal amount is so applied, appropriated or paid”.
- (4) In section 53 of that Act (determinations by Corporation), for subsection (2) (requirement of approval of Secretary of State and, in the case of a general determination, consent of the Treasury) substitute—
- “(2) The Corporation shall not make a general determination under the foregoing provisions of this Part except with the approval of the Secretary of State.”
- (5) In section 55(1) of that Act (surplus rental income: cases in which section applies), omit paragraph (a).
- (6) Any reference in sections 50 to 55 of that Act to registration as a housing association shall be construed after the commencement of section 1 of this Act (the register of social landlords) as a reference to registration as a social landlord.

## **29 Commutation of payments of special residual subsidy**

- (1) The Secretary of State may, after consultation with a housing association, determine to commute any payments of special residual subsidy payable to the association under paragraph 2 of Part I of Schedule 5 to the Housing Associations Act 1985 for the financial year 1998-99 and subsequent years.
- (2) Where the Secretary of State makes such a determination the payments of special residual subsidy payable to a housing association shall be commuted into a single sum calculated in such manner, and payable on such date, as the Secretary of State may consider appropriate.
- (3) If after a commuted payment has been made to a housing association it appears to the Secretary of State that the payment was smaller or greater than it should have been, the Secretary of State may make a further payment to the association or require the association to repay to him such sum as he may direct.
- (4) The Secretary of State may delegate to the Housing Corporation, to such extent and subject to such conditions as he may specify, any of his functions under this section and, where he does so, references to him in this section shall be construed accordingly.