



**Statutory determinations,
Housing Act 1996**

March 1997

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Social housing grant (capital)

General determination 1997

1. The Housing Corporation (“the Corporation”), in exercise of the powers conferred on it by section 18 of the Housing Act 1996 and all other powers enabling it in that behalf, with the approval of the Secretary of State and Housing for Wales (in respect of section 18(8)) and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles upon which the Corporation shall specify:
 - (a) the Housing Activities eligible for grant;
 - (b) the circumstances in which grant is or is not to be payable;
 - (c) the procedures for applying for grant;
 - (d) the method for calculating, and any limitations on, the amount of grant;
 - (e) the manner in which, and time or times at which, grant is to be paid;
 - (f) the proportion of grant payable to the transferee or transferees when Dwellings are transferred between Registered Social Landlords.
2. This General Determination is made without prejudice to the Corporation’s power to make specific Determinations under the provisions of the Housing Act 1996.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Social Housing Grant (Capital) General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:

“*Corporation*” means the Housing Corporation or its duly appointed agent;

“*Dwelling*” has the meaning given by section 63 of the Housing Act 1996.

“*Hostel*” has the meaning given by section 63 of the Housing Act 1996.

“*Housing Activities*” has the meaning given by section 63 of the Housing Act 1996.

“Independent Qualified Valuer” means the District or Borough Valuer or a Professional Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers or any successor body or bodies thereof, who is not employed by, acting on behalf of or a Member of the Family of the person or organisation selling or transferring or purchasing the property or land being valued;

“Letting” includes a sub-lease, sub-tenancy or licence and an agreement for a lease, tenancy, licence, sub-lease or sub-tenancy;

“Local Authority” has the meaning given by section 106(1) of the Housing Associations Act 1985;

“Major Repairs” means works, excluding improvements, to a Dwelling owned by a Registered Social Landlord which are necessary to ensure the continued habitability of the Dwelling, excluding re-improvements, and which fall into the following categories:

- (a) major works which have become necessary since the original development or rehabilitation work was completed, including those works required by subsequent legislation;
- (b) replacement of, or major work on, those components of a Dwelling which have come to the end of their useful lives.

“Member of the Family” has the meaning given in section 62 of the Housing Act 1996;

“Miscellaneous Works” means remedial work to heating systems in existing Dwellings, energy conservation works, works for the removal of lead in drinking water, for reducing the risk of exposure to asbestos, to upgrade or install fire precautionary measures recommended by a fire authority (within the meaning of section 38 of the Fire Services Act 1947), remedial works to dwellings contaminated by radon and structural adaptations for tenants with physical disabilities.

“Public Sector Body” means a Local Authority, a health authority, a new town corporation, the Commission for the New Towns, a nationalised industry, the Crown, a Government agency, an urban development corporation, a housing action trust and a residuary body;

“Rent Surplus Fund” means a fund calculated in accordance with section 55 of the Housing Act 1988;

“Registered Social Landlord” means a body registered with the Housing Corporation under sections 1(2) or 3 of the Housing Act 1996;

“Shared Ownership” means the occupation of a Dwelling under a Shared Ownership Lease;

“Shared Ownership Lease” means a lease granted on shared ownership terms as referred to in section 2 (6) of the Housing Act 1996;

“Supported Housing” means accommodation owned by a Registered Social Landlord and allocated to people who need intensive and supportive housing management. It excludes accommodation the primary purpose of which is to provide care rather than housing, accommodation which aims to fulfil a statutory duty other than under housing legislation and accommodation which is not provided with the aim of providing residents with a permanent home or the life skills and confidence to move into permanent accommodation. It also excludes categories I and II sheltered housing for the elderly, as defined in the Ministry of Housing and Local Government Circular 82/69.

“Temporary Social Housing” means Dwellings intended to be kept available by a Registered Social Landlord for Letting for periods longer than two years but shorter than thirty years.

HOUSING ACTIVITIES ELIGIBLE FOR GRANT

6. Grant may be payable to a Registered Social Landlord in respect of such Housing Activities as are listed below and which are referred to hereafter as Eligible Housing Activities:
 - (a) acquiring, providing, constructing, repairing, improving, adapting or creating by the conversion of buildings, Dwellings to be kept available for Letting;
 - (b) providing land, amenities or services, or providing, constructing, repairing, converting or improving buildings, for the benefit of a Registered Social Landlord’s residents, either exclusively or together with other persons;
 - (c) acquiring, repairing and improving, or creating by the conversion of buildings, Dwellings to be disposed of by sale, by lease, on a Shared Ownership Lease or on such other terms as may be specified by the Corporation;
 - (d) acquiring, providing, constructing, repairing, improving or managing Dwellings for occupation by members of the Registered Social Landlord where the rules of a Registered Social Landlord restrict membership to persons entitled or prospectively entitled (as tenants or otherwise) to occupy a Dwelling provided or managed by the Registered Social Landlord;

- (e) constructing Dwellings to be disposed of on Shared Ownership Leases;
 - (f) making payments to tenants as an incentive to vacate a Registered Social Landlord's Dwelling.
7. Grant may also be payable in respect of costs incidental to those Eligible Housing Activities listed in paragraph 6 above.

CIRCUMSTANCES IN WHICH GRANT IS OR IS NOT TO BE PAYABLE

Circumstances relating to the acquisition, provision, construction, conversion, adaptation, improvement and repair of, and Miscellaneous Work to, Dwellings for Letting or Shared Ownership.

8. The Corporation may pay grant to a Registered Social Landlord in respect of Eligible Housing Activities, having regard to:
- (a) the housing needs to be met, their priority within the housing strategy of the Local Authority, and their priority within the resources available to the Corporation; and
 - (b) the value for money and effectiveness of the expenditure taking account of the location, type and standards of Dwellings, amenities and services to be provided; and
 - (c) the length of the interest in the Dwellings held by the Registered Social Landlord; and
 - (d) the economy, efficiency and effectiveness of the Registered Social Landlord concerned; and
 - (e) the rents which the Registered Social Landlord may charge when the Dwellings are let.

General circumstances relating to standards of building work and expected life

9. The Corporation may pay grant only if it is satisfied that the Dwellings to be acquired, constructed, converted, improved, or repaired under a scheme or programme of schemes will, on completion, meet standards of construction and suitability for use, such that they will be capable of providing satisfactory accommodation for periods and on terms that the Corporation considers to be appropriate.

General circumstances relating to the expected uses of the Dwellings

10. The Corporation may pay grant only if it is satisfied that the Dwellings to be provided for Letting will be available for occupation in accordance with the objects of the Registered Social Landlord and will be kept within the ownership of that (or another) Registered Social Landlord.

Additional circumstances relating to projects sponsored by Local Authorities

11. The Corporation may pay grant on Eligible Housing Activities to a Registered Social Landlord in respect of individual schemes promoted by a Local Authority, or a programme of schemes promoted by a Local Authority acting as the Corporation's appointed agent under section 18(4) of the Housing Act 1996. The Corporation may pay grant provided that the Local Authority:
- (a) confirms that any consents required under section 25 of the Local Government Act 1988 or any subsequent re-enactment thereof have been given; and
 - (b) provides in the case of any such consent relating to a transfer of land or buildings, a certificate from an Independent Qualified Valuer as to the value of any gratuitous benefit conferred as defined in section 25 of the Local Government Act 1988 or any subsequent re-enactment thereof; and
 - (c) provides, on each occasion on which grant is claimed;
 - (i) for grants of £400,000 or more, a certificate from an auditor appointed by the Audit Commission to the effect that the Local Authority has advanced a loan or loans to the Registered Social Landlord equal to the amount of grant claimed.
 - (ii) for grants of less than £400,000, a certification from the Local Authority's chief finance officer to the effect that the Local Authority shall advance a loan of equivalent amount to the Registered Social Landlord.

Special circumstances relating to tenanted Dwellings acquired from the public sector

12. Except in the case of Dwellings compulsorily purchased from a private sector owner by a Public Sector Body for the purposes of disposal, within a reasonable period, to a Registered Social Landlord, grant will not be paid towards the cost of acquiring Dwellings from a Public Sector Body where, at the time of acquisition, those Dwellings are occupied by tenants of that body (excluding service tenants such as wardens or caretakers) and:

- (a) more than 5% of the Dwellings acquired are so tenanted; or
 - (b) in the case of a scheme involving acquiring Dwellings from both Public Sector Bodies and private owners, such tenanted Public Sector Dwellings are more than 5% of the total number of Dwellings acquired.
13. Except for those Dwellings listed in Schedule 1 to the Housing Association Grant (Additional Eligible Properties) Determination 1991, grant shall not be payable towards the costs of improvements of tenanted Dwellings acquired from a Public Sector Body after 8 July 1988 unless, in the opinion of the Corporation, the Registered Social Landlord cannot reasonably meet the costs from its own resources, or from the proceeds of receipts or claims against third parties and the need for improvement could not reasonably have been taken into account at the time of acquisition.

Circumstances relating to Major repairs and Miscellaneous Works, additional to or modifying those in paragraph 8 above.

14. Grant may be payable to meet the costs of Major Repairs or Miscellaneous Works undertaken on a Registered Social Landlord's Dwellings but shall not be paid when:
- (a) the Registered Social Landlord is not legally responsible for carrying out such Major Repairs and Miscellaneous Works;
 - (b) the grant originally paid was calculated on the basis that the Registered Social Landlord would be responsible for meeting the cost of future Major Repairs and Miscellaneous Works from its own resources unless, in the case of Major Repairs, the need for Major Repairs arises within 10 years of the date of completion of the construction, improvement or conversion of types of Dwellings which the Corporation shall specify;
 - (c) the Registered Social Landlord was permitted to retain a portion of its Rent Surplus Fund to make provision for future Major Repairs and full provision has been made for Major Repairs to those Dwellings (where only partial provision has been made, grant may be payable towards an appropriate proportion of the costs) unless the need for Major Repairs arises within 10 years of the date of completion of the construction, improvement or conversion of those Dwellings;
 - (d) the Registered Social Landlord can meet the costs from the proceeds of receipts or claims against third parties or when the cost of future Major Repairs and Miscellaneous Works was reflected in the acquisition costs of the properties concerned;
 - (e) the Dwellings are Temporary Social Housing.

Additional circumstances relating to Major repairs, Miscellaneous Works, and the improvement or conversion of Dwellings originally provided with public finance.

15. The Corporation shall have regard to the financial resources available to a Registered Social Landlord.

Additional circumstance relating to the provision of Supported Housing

16. The Corporation shall have regard to the amount of revenue grant sought by the Registered Social Landlord of the Corporation or guaranteed by other funders.

Additional circumstances relating to loans outstanding from previous projects

17. The Corporation may pay grant towards the cost of redeeming any outstanding loan debt on Dwellings owned by a Registered Social Landlord which are to be improved or redeveloped.

Special circumstance of the acquisition of reversions

18. The Corporation may pay grant towards the costs incurred on the acquisition of a freehold or superior landlord interest where a Registered Social Landlord is a leaseholder or underlessee.

Special circumstances relating to lease finance

19. The Corporation may pay grant on projects in which:
- (a) a Registered Social Landlord raises money through a financing lease, provided that it retains a beneficial interest in the project for a length of time specified by the Corporation; or
 - (b) a Registered Social Landlord disposes of Dwellings on a short building lease to a builder or other organisation for the purpose of re-improvement of the Dwellings;

provided in both cases that the Registered Social Landlord obtains the Corporation's prior approval to the lease.

General circumstances relating to interest incurred through delay in paying grant

20. The Corporation may pay grant in respect of costs incurred by a Registered Social Landlord due to delay on the part of the Corporation in making grant payments in accordance with such timetables as the Corporation may specify from time to time.

PROCEDURES TO BE FOLLOWED IN RELATION TO APPLICATIONS FOR GRANT

21. Applications for grant should be made to the appropriate Corporation or Local Authority office in accordance with procedures specified from time to time by the Corporation.

METHOD OF CALCULATING AND ANY LIMITATIONS ON THE AMOUNT OF GRANT

Individual projects for Letting

22. In respect of individual schemes for the acquisition, construction, conversion or improvement of Dwellings for Letting, the Corporation, with the approval of the Secretary of State and the consent of the Treasury, shall specify from time to time the proportion of costs to be met by grant.

Individual Shared ownership schemes

23. For individual schemes for the acquisition, construction, conversion or improvement of Dwellings for disposal on Shared Ownership Leases, the Corporation, with the approval of the Secretary of State and the consent of the Treasury, shall specify from time to time the proportion of costs to be met by grant. The calculation may be by reference to those specified grant proportions, the forecast capital costs, and the value of the Dwellings at the time of disposal.

Supported Housing Accommodation

24. The Corporation may pay grant in full or in part on the net costs of the project which are reasonable and appropriate, after taking account of any requirement for revenue grants.

Major repairs and miscellaneous works

25. The Corporation may pay grant on the net costs of Major Repairs and Miscellaneous Works which are reasonable and appropriate. It may reduce grant after taking account of a Registered Social Landlord's ability to contribute towards these costs out of its own financial resources.

Tenant incentives

26. On projects in which a Registered Social Landlord makes payments to tenants as an incentive to vacate its Dwellings, the Corporation may pay grant on the net costs which are reasonable and appropriate having regard to all the circumstances. The Corporation may specify limits on the size of payments which shall qualify for grant.

Limitation in respect of other public subsidies

27. The amount of grant payable under the paragraphs above shall represent the limit of subsidy allowable from all public sector sources in respect of any scheme. When a public sector subsidy in the form of a grant or gratuitous benefit, other than a grant under the provisions of this Determination, is paid to a Registered Social Landlord in support of the costs of acquiring, constructing, improving, converting, repairing or undertaking Miscellaneous Works to Dwellings, the value of that subsidy shall be deducted from the grant otherwise payable under the provisions of this Determination. However, the Corporation will not deduct the value of such a public sector subsidy when that subsidy is intended to contribute towards costs which do not qualify for grant under this Determination.
28. When a deductible public sector subsidy is a contribution to the future running costs of a scheme, the amount to be deducted will be its net present value.

PAYMENT OF GRANT

29. Claims for the payment of grant should be made to the appropriate Corporation or Local Authority office. Applications for payment of grant shall be made in such form and at such times as the Corporation shall specify.
30. When the Corporation gives approval to a scheme in accordance with its procedures, so that grant becomes payable to a Registered Social Landlord, the Corporation may pay grant on account in accordance with timetables which it specifies from time to time.

PROPORTION OF GRANT PAYABLE WHEN DWELLINGS ARE TRANSFERRED BETWEEN REGISTERED SOCIAL LANDLORDS

31. Where grant is payable to a Registered Social Landlord in respect of property in a scheme and that Registered Social Landlord transfers any of those Dwellings to another Registered Social Landlord, the grant payable to the transferee will be calculated as the difference between the total grant payable and any part already paid to the transferor or any predecessor, or a proportion appropriate to the number of Dwellings transferred.

32. The arrangements in the paragraph immediately above will also apply when one of the Registered Social Landlords is registered by the Housing Corporation and another is registered by Housing for Wales.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

EXPLANATORY NOTE
(This note is not part of the Determination)

This Determination sets out the principles by which the Corporation will pay Social Housing Grants (SHG) from 1 April 1997, on capital projects. Circulars and procedure guides will explain how we will apply these principles in detail.

A separate Determination deals with our plans for recovery or recycling of SHG. Yet another Determination explains how we will also be paying SHG as a revenue grant.

The preamble, citation and commencement (paras 1 to 4)

These sections set out the powers we are using, what we shall determine and when the Determination will start.

Interpretation (para 5)

This paragraph explains what we mean when using words which might otherwise be open to different interpretations. In this determination, interpreted words start with capital letters.

Activities eligible for grant (paragraphs 6 and 7)

Activity (d) refers to co-operative housing associations. Activity (f) refers to the tenants' incentive scheme (TIS).

Circumstances in which grant is paid (paras 8 to 21)

These are general circumstances and circumstances relating to a particular type, or types, of projects.

Paragraph 8 signals that, in considering applications, the Corporation will examine the rents to be charged and give attention to the expected life of the investment.

Paragraph 11 contains the principle that the Corporation will pay grant on projects sponsored by local authorities. In paragraph 11(d) the loans referred to are those which are made and immediately refinanced by grant, a technical arrangement to ensure that the grants count as public expenditure.

Paragraphs 12, 13 and 14(d) exclude from the grant regime property transferred to registered social landlords from local authorities and other public sector bodies.

Paragraph 15 states the types of scheme on which registered social landlords will face a means test before any grant may be allocated.

Paragraph 16, for supported housing, enables the Corporation to consider bids which combine both revenue and capital finance in varying proportions.

Paragraph 17 will enable the Corporation to fund in whole or in part the redemption of outstanding development loans on projects which are to be re-improved or demolished and rebuilt.

Paragraph 18 clarifies that projects of acquisition can include the acquisition of superior landlords' interests.

Paragraph 19 indicates that the Corporation will consider on their merits proposals for improvement of existing grant aided stock which involve temporary or technical disposals of the property without recovery of the original grant.

Method of calculating and limitations on the amount of grant (paras 22 to 28)

Paragraphs 22 and 23 refer to the circulars on grant rates and TCIs published from time to time by the Corporation.

Paragraph 26 refers to the TIS programme.

Paragraphs 27 and 28 limit the total of public sector assistance when grants and subsidies from various public sources are combined with social housing grant. Public subsidies for items which would not qualify for social housing grant are excluded from this limit.

Social housing grant (recovery of capital grant)

General determination 1997

1. The Housing Corporation (“the Corporation”), in exercise of the powers conferred on it by section 27 (1) (2) (6) and (7) of the Housing Act 1996 and all other powers enabling it in that behalf, with the approval of the Secretary of State and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles upon which the Corporation shall specify:
 - a) the events that would give rise to the Corporation Recovering Capital Grants paid under section 18 of the Housing Act 1996 (‘Capital Grant’);
 - b) the procedures to be followed in relation to the Recovery of Capital Grant;
 - c) the method for calculating the amount of Capital Grant to be Recovered;
 - d) the manner in which, and time or times at which, Capital Grant is to be Recovered;
2. This General Determination is made without prejudice to the Corporation’s power to make specific Determinations under the provisions of the Housing Act 1996.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Social Housing Grant (Recovery of Capital Grant) General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:

“*Approved Total Costs*” is referred to in the calculation of the Deemed Loan Debt. In this context it means the total eligible costs of the original development (either actual or notional) used in the calculation of Capital Grant at the final cost stage. For all projects it excludes any costs that do not qualify for Capital Grant. It does not include costs for additional works such as a major repair, re-improvement etc.;

“*Capital Grant*” means grant paid under Section 18 of the Housing Act 1996 to defray all or part of the capital expenditure incurred or to be incurred, including any Major Repairs, Miscellaneous Works, and Re-improvements;

“*Corporation*” means the Housing Corporation or its duly appointed agent;

“*Dwelling*” has the meaning given by section 63 of the Housing Act 1996;

“*Deemed Loan Debt*” means for a rental project the shortfall between the Approved Total Cost of the project, used for calculating the final Capital Grant and the total of Capital Grant and any other Public Sector Subsidy input into the project. The amount of Capital Grant used in this calculation is net of any Co-operative Promotion Allowance or Special Projects Promotion Allowance. For Housing for Sale projects the initial Deemed Loan Debt will be the Approved Total Cost net of the actual sales proceeds of the first share in each Dwelling and the total public capital subsidy input into the project;

“*Hostel*” has the meaning given by section 63 of the Housing Act 1996;

“*Housing Activities*” has the meaning given by section 63 of the Housing Act 1996;

“*Housing for Sale*” means Property produced in accordance with the Housing Corporation’s procedures by a Registered Social Landlord for outright sale or sale on a Shared Ownership Lease;

“*Independent Qualified Valuer*” means the District or Borough Valuer, or a Professional Associate, or Fellow of the Royal Institute of Chartered Surveyors, or the Incorporated Society of Valuers and Auctioneers, or any successor body or bodies thereof, who is not employed by, or acting on behalf of, or a member of a family, as defined in Section 62 of the Housing Act 1996, of the person or related to the organisation selling or transferring or purchasing the Dwelling or land being valued;

“*Letting*” includes a sub-lease, sub-tenancy or licence and an agreement for a lease, tenancy, licence, sub-lease or sub-tenancy;

“*Local Authority*” has the meaning given by section 106(1) of the Housing Associations Act 1985;

“*Major Repairs*” means those works to a Property owned by a Registered Social Landlord which are necessary to ensure the continued habitability of the Property, excluding re-improvements, and which fall into the following categories;

- major works which have become necessary since the original development or rehabilitation work was completed, including those works required by subsequent legislation;
- replacement of, or major work on, those components of a Property which have come to the end of their useful lives;

“*Miscellaneous Works*” means remedial work to heating systems in existing Properties, energy conservation works, works for the removal of lead in drinking water, for reducing the risk of exposure to asbestos, to upgrade or install fire precautionary measures recommended by a fire authority (within the meaning of section 38 of the Fire Services Act 1947),

remedial works to Properties contaminated by radon or structural adaptations for people with physical disabilities;

“Property” means a dwelling, hostel or Supported Housing;

“Public Sector Subsidy” means subsidy from a local authority, or any other source of public money;

“Recovery or recover” means reduction of any Capital Grant payable by, or suspension or cancellation of any instalment of Capital Grant by, or direction to apply or appropriate for such purposes as the Corporation may specify, or payment to the Corporation such amounts as the Corporation may specify;

“Registered Social Landlord” means a body which is registered by the Housing Corporation under sections 1(2) or 3 of the Housing Act 1996;

“Relevant event” means an event which will cause the Recovery of Social Housing Grant;

“Shared Ownership Lease” has the meaning given by section 2(b) of the Housing Act 1996;

“Social Housing” means Properties acquired, provided, constructed, repaired, converted, improved, or adapted by a Registered Social Landlord for rent, shared ownership, or sale below market value and funded wholly or partially by Capital Grant;

“Supported Housing” means accommodation owned by a Registered Social Landlord and allocated to people who need intensive and supportive housing management. It excludes accommodation the primary purpose of which is to provide care rather than housing, accommodation which aims to fulfil a statutory duty other than under housing legislation, and accommodation which is not provided with the aim of providing residents with a permanent home or the life skills and confidence to move into permanent accommodation. It also excludes categories I and II sheltered housing for older persons, as defined in the Ministry of Housing and Local Government Circular 82/69;

“Temporary Social Housing” means Properties intended to be kept available for Letting for periods longer than two years but shorter than thirty years.

RELEVANT EVENTS

6. The Corporation’s powers to Recover, contained in section 27(2) of the Housing Act 1996, will be exercised in the following events:
 - a) disposal of Property, including a disposal arising from a compulsory purchase order and a partial disposal under shared ownership terms, except:

**SOCIAL HOUSING GRANT
(RECOVERY OF CAPITAL GRANT)**

- i) to another Registered Social Landlord with the prior approval of the Corporation;
 - ii) the sale of the first share of a Dwelling under a Shared Ownership Lease where the Dwelling is specifically provided for sale on shared ownership terms;
 - iii) the sale of a Dwelling acquired for the purpose of outright sale after repair improvement or conversion;
 - iv) on 'Sale and Leaseback' where the Registered Social Landlord disposes of a freehold interest in Property or land and acquires a long leasehold interest in the Property or land on a back to back basis, and the Corporation has given prior approval to the terms of the transaction;
 - v) where the legal ownership of Property or land is transferred to a developer for the period during which a development, redevelopment or re-improvement is carried out, and either the freehold or a leasehold interest is returned to the Registered Social Landlord on terms acceptable to the Corporation;
 - vi) the disposal, or transfer to another Property owned by the Registered Social Landlord, of a Capital Grant funded fitting provided as an aid or adaptation for a person with a physical disability, in which case the Capital Grant attributable to the aid or adaptation will remain with the original Property;
 - vii) where the consideration is replacement Property or Properties or land, or the money to provide replacement Property or Properties or land;
- b) a change of use of Property or land to a use which would not qualify for Capital Grant under Section 18 of the Housing Act 1996, or any replacement of that Section, or a change of use from Supported Housing to general needs use;
 - c) demolition of Property without redevelopment or sale and the Registered Social Landlord obtains a capital receipt or compensation payment, whether from a statutory authority or elsewhere;
 - d) disposal of Capital Grant funded land acquired for the development of Social Housing, or designated for a further phase or phases, and the development or further phase or phases was, or were, not completed at the time of disposal;
 - e) failure to use Capital Grant for the purpose for which it was paid;
 - f) failure to comply with any condition attached to the making of Capital Grant;

- g) discovery that the Secretary of State or the Corporation or a Local Authority has received incorrect information or made an error in connection with the calculation of Capital Grant payable or repayable;
- h) de-registration of a Registered Social Landlord by the Corporation, under section 4 (2) or (4) of the Housing Act 1996

PRINCIPLES FOR THE RECOVERY OF CAPITAL GRANT

7. When a Relevant Event occurs the Corporation may:
 - a) reduce any capital grant payable by it, or suspend or cancel any instalment of such capital grant, or
 - b) direct the Registered Social Landlord to apply or appropriate the recoverable amount for such purposes as the Corporation may specify, or pay to the Corporation such amount as the Corporation may specify.
8. Where a Relevant Event occurs in respect to part of the Property or land on which Capital Grant was paid, Capital Grant will be Recovered on a proportionate basis.
9. Eligible items will be offset against the capital receipt comprising the valuation and legal fees and associated expenses incurred in the disposal, the Deemed Loan Debt, and the associated allowance for Housing For Sale Dwellings if applicable. If the resulting net capital receipt is insufficient to enable the Recovery of all of the Capital Grant attributable to that Property or land, the amount of Capital Grant Recovered will be reduced by the shortfall, subject to paragraph 11 below.
10. Where the Property or land has not been disposed of, a valuation provided by an Independent Qualified Valuer, and valid at the time of the time of change of use, will be used in lieu of the capital receipt or compensation in the calculation in paragraph 9.
11. Where a Property is demolished without there being a capital receipt, Capital Grant will not be Recovered until such time as a relevant event occurs, and the Capital Grant will be Recovered in accordance with paragraphs 7 to 10 above.

Shared Ownership

12. Where, after the sale of the first share, a Registered Social Landlord sells a further share of a Dwelling on shared ownership terms, the Corporation will Recover all the Capital Grant apportioned to that share provided that the sale proceeds exceed the appropriate proportion of Deemed Loan Debt, the associated allowance and the Capital Grant apportioned to that share.
13. For some sales of a further share, the sale proceeds of that share may be less than the appropriate proportion of Deemed Loan Debt, the associ-

ated allowance and the Capital Grant apportioned to that share. In such cases, the immediate Recovery of Capital Grant will be reduced by the shortfall, and the Recovery of that shortfall will be deferred. Any surpluses on subsequent sales of other shares within the project shall be applied to the Recovery of deferred Capital Grant Recovery. Any balance will be written off if all the remaining shares within the project have been sold and there are insufficient proceeds to Recover all the Capital Grant still outstanding.

Change, or cessation, of use

14. A Property or land may remain in the ownership of a Registered Social Landlord and there is a change of use to Non-Social Housing, or it ceases to be available for use as Social Housing. In such circumstances the amount of Capital Grant to be Recovered will be calculated in accordance with paragraphs 7 to 11 above.
15. A Property may remain in the ownership of a Registered Social Landlord and there is a change of use from Supported Housing to general needs. In such circumstances there will be a calculation of the amount of Capital Grant that would be required for the new use, using the procedures current at the time of the change of use. If the resulting notional amount of Capital Grant is less than the amount of Capital Grant and any other Public Sector Subsidy already paid on the Property, the difference will be Recovered.

Compulsory Purchase Orders

16. Where Property or land has been compulsorily purchased the compensation received including any interest thereon, net of the eligible expenses and Deemed Loan Debt, may be insufficient to enable Recovery of all the Capital Grant attributable to that Property or land. In such circumstances the amount of Capital Grant Recovered will be reduced to the amount of the receipt, net of eligible expenditure (see section 9 above) except where net surpluses on sales of other Property or land within the same Compulsory Purchase Order, and owned by the Registered Social Landlord, are available to cover the deficit in whole or in part.

Temporary Social Housing

17. Temporary Social Housing projects are intended to buy only a limited life for Social Housing use. Where the intended life is achieved, Capital Grant will not be Recovered at the expiry of that 'bought life'. Where the intended life is not achieved, the amount of Capital Grant Recovered will be reduced pro rata for the life which has been achieved, or Recovered in full if two complete years of life are not achieved from the date of the original lease.

Misuse, or failure to comply with any condition, of Capital Grant

18. There may be a failure to use Capital Grant for the purpose for which it was paid, or a failure to comply with any condition attached to the

making of Capital Grant. In such circumstances, the Corporation may suspend or cancel any instalment, or direct the payment to the Corporation of any Capital Grant paid on the project whichever is reasonable and appropriate having regard to all the circumstances.

De-registration by the Corporation

19. The de-registration of a Registered Social Landlord, under section 4(4) of the Housing Act 1996, shall be classed as a relevant event for the purposes of Recovery of Capital Grant. However the Recovery will be deferred until such time as a further relevant event occurs, in accordance with the definition of relevant events current at that time. Capital Grant will be Recovered in accordance with the policy and procedures current at the time of this next relevant event.

Reduction of Capital Grant Recovery relating to Interest

20. Certain relevant events will not produce a cash receipt, resulting in the Registered Social Landlord having to finance the Recovery of Capital Grant from its own resources. In such circumstances the amount of Capital Grant to be Recovered will exclude any interest added to the original payment arising from a delay in making that payment.

Financial difficulties

21. Where payment to the Corporation of Capital Grant in accordance with the provisions of paragraphs 7 to 20 above would place the Registered Social Landlord in financial difficulty, the Corporation may:
- defer the payment to a future date, or
 - accept payment by agreed instalments, or
 - abate part or all of the payment.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

EXPLANATORY NOTES

(These notes are not part of the Determination)

1. This Determination generally continues the policies contained in the Recovery of Housing Association Grant General Determination 1996, and incorporates the direction as well as payment to the Corporation of Capital Grant. This power to 'direct' is contained in section 27(2)(b) of the Housing Act 1996
2. A separate Determination has been produced for payment and recovery of SHG for management revenue grant purposes.
3. This Determination omits any reference to Voluntary Purchase Grant, Statutory Purchase Grant, and the Disposal Proceeds Fund which are covered in other Determinations.
4. Paragraph 21 relates to a situation where the RSL will not receive a capital receipt, such as on a change of use, but some or all of the SHG will be Recovered. The amount to be Recovered will come from the RSL's own resources. Interest may have been added to the Capital Grant payment when the payment was delayed through the fault of the Corporation or local authority. In such cases it is equitable not to Recover that interest.
5. The details for 'recycling' under a direction from the Corporation or payment to the Corporation of Capital Grant are contained in a Guide which will be published at the same time as this Determination

Recovery of housing association grant (extension of powers)

General determination 1997

**RECOVERY OF HOUSING ASSOCIATION GRANT
(EXTENSION OF POWERS)**

1. The Housing Corporation (“ the Corporation”) in exercise of the powers conferred on it by section 52 of the Housing Act 1988 as amended by 28(3) of the Housing Act 1996, and of all other powers enabling it in that behalf, with the approval of the Secretary of State and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate makes the following General Determination of the principles upon which the Corporation shall specify the circumstances in which grant is to be reduced, cancelled, suspended, repaid to the Corporation, or applied to a specific purpose.
2. This General Determination is made without prejudice to the Corporation’s power to make specific Determinations under the provisions of the Housing Act 1988.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Recovery of Housing Association Grant (Extension of powers) General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:

“Corporation” means the Housing Corporation or its duly appointed agent;

AMENDMENT TO THE RECOVERY OF HOUSING ASSOCIATION GRANT GENERAL DETERMINATION 1996

6. The Recovery of Housing Association Grant General Determination 1996 shall be amended in accordance with the following provision of this Determination
7. Paragraph 8 (b) shall be deleted and substituted by this new text:

“b) the amount, or such proportion as the Corporation may specify, of any grant or instalment of grant which has been paid shall be applied or appropriated for such purposes as the Corporation may specify, or be paid to the Corporation subject, where applicable, to the provisions of paragraphs 10 to 28 below.”

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

EXPLANATORY NOTE

(This note is not part of the Determination)

1. The first stage of changes to HAG recovery policy was contained in the Recovery of Housing Association Grant General Determination 1996, which dealt with matters that do not require changes in legislation. That first stage was effective from 1 January 1997 and the Determination was issued with Corporation Circular 48/96. This second stage is effective from 1 April 1997 when Section 28(3) of the 1996 Act comes fully into force, amending Section 52 of the 1988 Act. The Corporation will be able to direct an RSL to use the money for specified purposes, instead of the previous legal requirement for the money to be paid to the Corporation. This Determination is required to put into effect this amendment.

Social housing grant (management grants)

General determination 1997

1. The Housing Corporation (“the Corporation”), in the exercise of the powers conferred on it by Sections 18 and 27 of the Housing Act 1996 and all other powers enabling it in that behalf, with the approval of the Secretary of State and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles in accordance with which, the Corporation shall specify for management revenue purposes:
 - a) eligibility for grant;
 - b) procedures for applications for grant;
 - c) methods of calculation of grant;
 - d) arrangements for payment of grant;
 - e) arrangements for cancellation, recovery, reduction, or suspension of grant.
2. This General Determination is made without prejudice to the Corporation’s power to make specific Determinations under the provisions of the Housing Act 1996.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Social Housing Grant (Management Grants) General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:-

“*Accounting Period*” means the period to which the Registered Social Landlord’s income and expenditure account relates;

“*Corporation*” means the Housing Corporation or its duly appointed agents;

“*Dwelling*” has the meaning given by section 63 of the Housing Act 1996;

“*Hostel*” has the meaning given by section 63 of the Housing Act 1996;

“*Move On Accommodation*” means a Dwelling owned by a Registered Social Landlord and used, either permanently or temporarily, to house

tenants or licensees who could not move directly from Property with a high level of support to entirely independent living;

“Property” means a Dwelling, Hostel, or Shared Accommodation;

“Registered Social Landlord” means a body registered with the Housing Corporation under section 1(2) or 3 of the Housing Act 1996;

“Secretary of State” means the Secretary of State for the Environment;

“Shared Accommodation” means a Hostel or other accommodation in which is provided residential accommodation otherwise than in separate and self-contained sets of premises;

“Small Registered Social Landlord” means a Registered Social Landlord managing less than 251 units of accommodation at the commencement of the Accounting Period for which the grant is being claimed;

“Social Housing Grant” means grant payable under section 18 of the Housing Act 1996;

“Supplementary Management Grant” means revenue grant payable under section 18 of the Housing Act 1996 in respect of Dwellings in receipt of capital grant paid under the provisions of section 18 of the Housing Act 1996 or section 50 of the Housing Act 1988, and owned by Small Registered Social Landlords to assist in defraying the additional management costs per Dwelling associated with Small Registered Social Landlords;

“Supported Housing” means accommodation owned by a Registered Social Landlord and allocated to people who need intensive and supportive housing management. It excludes accommodation the primary purpose of which is to provide care rather than housing, accommodation which aims to fulfil a statutory duty other than under housing legislation and accommodation which is not provided with the aim of providing residents with a permanent home or the life skills and confidence to move into permanent accommodation. It also excludes categories I and II sheltered housing for the elderly, as defined in the Ministry of Housing and Local Government Circular 82/69;

“Supported Housing Management Grant” is a revenue grant paid to Registered Social Landlords under Section 18 of the Housing Act 1996 in respect of services provided to residents living in Supported Housing, additional to those normally funded out of the standard management allowance;

“Unit” means, in the case of Shared Accommodation, accommodation which is provided for one individual or, in any other case, a Dwelling.

GENERAL

6. Management Grants paid under section 18 of the Housing Act 1996 fall into two distinct broad categories being Supported Housing Management Grant and Supplementary Management Grant. The first two parts of this Determination set out the distinct principles and circumstances for payment of each category, and the third part dealing with the recovery, etc. of these grants.

Part 1—Supported Housing Management Grants

7. Supported Housing Management Grant shall be payable to Registered Social Landlords in respect of the provision of housing services, additional to those normally funded out of the basic management allowance, to residents living in Supported Housing and Dwellings designated as Move On Accommodation, owned by a Registered Social Landlord. These are referred to hereinafter as SHMG Eligible Housing Activities.
8. The Housing Corporation may approve and subsequently pay grant in accordance with the terms of this Determination in respect of SHMG Eligible Housing Activities having regard to:
 - a) housing needs to be met and their priority within the resources available to the Corporation; and
 - b) value for money and effectiveness of the housing service provided taking account of the location and type of accommodation; and
 - c) the economy, efficiency and effectiveness of the Registered Social Landlord concerned.
9. Applications for Supported Housing Management Grant should be made to the appropriate Regional Office or Headquarters of the Corporation in accordance with procedures published from time to time by the Corporation. Applications for payment of Supported Housing Management Grant shall be in such form and made at such times as to enable the Corporation to make payments of grant in accordance with this Determination.
10. The amount of Supported Housing Management Grant payable to a Registered Social Landlord shall be calculated by reference to the number of Units of Supported Housing and Move On Accommodation which it owns and manages, and their availability for occupation. The amount of grant per Unit shall be subject to periodic review by the Corporation.

TRANSFER OF PROPERTY TO ANOTHER REGISTERED SOCIAL LANDLORD

11. Where a Unit, on which Supported Housing Management Grant is payable, is transferred to another Registered Social Landlord, the entitlement to Supported Housing Management Grant will also be transferred with the change of ownership.

Part 2—Supplementary Management Grant

12. Supplementary Management Grant shall be payable to Small Registered Social Landlords in respect of the additional cost of management activities incurred by Small Registered Social Landlords on Dwellings in receipt of capital grant paid under the provisions of section 18 of the Housing Act 1996 or section 50 of the Housing Act 1988, and owned by Small Registered Social Landlords. These are referred to hereinafter as SMG Eligible Housing Activities.
13. The Housing Corporation may approve and subsequently pay grant in accordance with the terms of this Determination in respect of SMG Eligible Housing Activities
14. Applications for Supplementary Management Grant should be made to the appropriate Regional Office or Headquarters of the Corporation in accordance with procedures published from time to time by the Corporation. Applications for payment of Supplementary Management Grant shall be in such form and made at such times as to enable the Corporation to make payments of grant in accordance with this Determination.
15. The amount of Supplementary Management Grant payable to Small Registered Social Landlords shall be calculated by reference to the number of eligible Dwellings, and tables published by the Corporation from time to time.

Part 3—Recovery, cancellation, reduction, suspension, or withholding of Supported Housing Management Grant or Supplementary Management Grant.

16. On the occurrence of a relevant event, as hereinafter defined, the Corporation may recover, cancel, reduce, suspend, or withhold Supported Housing Management Grant or Supplementary Management Grant in whole or in part. Relevant events shall comprise:
 - a) the discovery that the Corporation has received incorrect information or made an error in connection with the payment of grant;
 - b) failure to comply with any condition attached to the payment of grant;

- c) failure of a Registered Social Landlord to submit a final claim for grant within a specified deadline where the Corporation has paid grant on account;
- d) the cessation of use for the purpose of the payment of Supported Housing Management Grant was given of accommodation to which the grant relates.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R.A.J. Mayer
Chief Executive

EXPLANATORY NOTE

(This note is not part of the Determination)

1. This Determination is a two-fold update of Determinations under the Housing Act 1988 which is necessary in order to continue making approvals, revised approvals, and payments under the Housing Act 1996. The first part is an update of the Special Needs Housing General Determination 1991 omitting references to Hostel Deficit Grant. The opportunity has been taken to update the generic title to Supported Housing Management Grant. With effect from 1 April 1997, Supported Housing Management Grant will be used instead of Special Needs Management Allowance, Transitional Special Needs Management Allowance, and Move-On Allowance.
2. The second part relates to Supplementary Management Grants (SMG) previously payable under paragraph 23 of the 'Housing Association Grant for Eligible Housing Activities General Determination 1989' to Small Registered Social Landlords. No further claims can be made for the Higher Management Allowance element of SMG, which is being phased out and the final claims have all been processed. The 'move on allowance' element of SMG has been subsumed into Supported Housing Management Grant.
3. Other revenue grants payable to Registered Social Landlords are either contained in other new Determinations, or the enabling legislation has not been repealed such as Tax Relief Grant payable under section 54 of the Housing Act 1988.

Voluntary purchase grant

General determination 1997

1. The Housing Corporation (“the Corporation”), in exercise of the powers conferred on it by section 21 of the Housing Act 1996 and all other powers enabling it in that behalf, after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles upon which the Corporation shall specify:
 - a) the procedure for applying 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;
 - d) the manner in which, and time or times at which, grant is to be paid.
2. This General Determination is made without prejudice to the Corporation’s power to make specific determinations under the provisions of the Housing Act 1996.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Voluntary Purchase Grant General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:-

“*Corporation*” means the Housing Corporation or its duly appointed agent;

“*Dwelling*” has the meaning given by section 63 of the Housing Act 1996.

“*Registered Social Landlord*” means a body registered with the Housing Corporation under sections 1(2) or 3 of the Housing Act 1996;

“*Right to Acquire*” means the right conferred on tenants by section 16 of the Housing Act 1996;

“*Secretary of State*” means the Secretary of State for the Environment;

“*Shared Ownership Lease*” means a lease granted on shared ownership terms as referred to in section 2 (6) of the Housing Act 1996.

THE CIRCUMSTANCES IN WHICH A STATUTORY GRANT IS OR IS NOT TO BE PAYABLE

Statutory grants

6. The Corporation shall pay a grant in the circumstances described in section 21(2) of the Housing Act 1996, that is when a Registered Social Landlord grants a discount to a tenant who was entitled to exercise the Right to Acquire in relation to another Dwelling of the Registered Social Landlord.

General circumstance

7. The Registered Social Landlord has disposed of a Dwelling at a discount to its tenant.

THE CIRCUMSTANCES IN WHICH A DISCRETIONARY GRANT IS OR IS NOT TO BE PAYABLE

Discretionary grants

8. When section 21(2) does not apply, the Corporation may pay a grant to a Registered Social Landlord in the following circumstances.

General circumstance

9. The Registered Social Landlord has disposed of a Dwelling at a discount to its tenant.

Circumstances relating to the Registered Social Landlord

10. The Corporation may specify that certain categories of Registered Social Landlord are ineligible for grant. These categories of Registered Social Landlord shall include the following:
 - (a) those whose rules restrict membership to persons entitled or prospectively entitled (as tenants or otherwise) to occupy a Dwelling provided or managed by the Registered Social Landlord; and
 - (b) Abbeyfield societies and almshouses.

Circumstances relating to the tenant

11. The Corporation may specify that discounts given to certain categories of tenant will be ineligible for grant. These categories of tenant shall include the following:

- (a) tenants holding an assured shorthold tenancy under section 20 of the Housing Act 1988;
- (b) tenants holding a Shared Ownership Lease;
- (c) tenants who have elected to exercise the Right to Buy under Part V of the Housing Act 1985;
- (d) tenants who have been tenants of the Registered Social Landlord or another public sector landlord for less than two years;
- (e) tenants who are in arrears with the rent;
- (f) tenants who are undischarged bankrupts; and
- (g) tenants against whom the Registered Social Landlord is seeking to take possession of the Dwellings.

Circumstances relating to the Dwelling disposed of

12. The Corporation may specify that discounts given on certain categories of Dwelling will be ineligible for grant. These categories of Dwelling shall include the following:
- (a) Dwellings which are not self-contained;
 - (b) Dwellings provided as sheltered accommodation for elderly, physically disabled, mentally disabled or mentally ill tenants;
 - (c) Dwellings which are particularly suitable for elderly people and are let to be lived in by people over the age of fifty nine years;
 - (d) Dwellings which the tenants occupy because they are also employees of the Registered Social Landlord;
 - (e) Dwellings leased temporarily from another landlord; and
 - (f) Dwellings in rural areas, as specified from time to time by the Corporation.

Other circumstances

13. The Corporation may from time to time specify other circumstances in which grant is or is not to be payable.

VOLUNTARY PURCHASE GRANT

THE METHOD OF CALCULATING GRANT

14. The Corporation will pay grant of the amount of the discount, subject to paragraph 16 below.

LIMITATIONS ON THE AMOUNT OF GRANT

15. The Corporation may from time to time publish tables of limits on the size of discounts which are eligible for grant.
16. The Corporation may reduce grant on a discount to take account of discounts or cash sums previously paid to tenants.

PROCEDURES TO BE FOLLOWED IN RELATION TO APPLICATIONS FOR GRANT

17. Applications for grant should be made to the appropriate Corporation office in accordance with procedures specified from time to time by the Corporation.

PAYMENT OF GRANT

18. Claims for the payment of grant should be made to the appropriate Corporation office. Applications for payment of grant shall be made in such form and at such times as the Corporation shall specify.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

EXPLANATORY NOTE

(This note is not part of the Determination)

1. Section 21(1) of the Housing Act 1996 enables the Corporation to operate a Voluntary Purchase Grant (VPG) programme. Under this programme, registered social landlords (“landlords”) can:
 - a) sell properties at a discount to secure and assured tenants wishing to purchase their home and, subject to allocation, claim a grant equivalent to the amount of discount from the Corporation;
 - b) replace the properties sold by combining the grants and net sales proceeds with private finance.

The determination refers to these as “discretionary” grants.

2. Section 21(2) gives the Corporation the power to make grants to landlords who offer alternative properties, at a discount, to tenants who have the right to acquire but do not want to buy the home in which they actually live. This grant cannot exceed the amount of the discount to which the tenant was entitled in respect of their home Dwelling. The Determination describes these as “statutory” grants.
3. A landlord must keep these grants and the net proceeds of sale in a “Disposal Proceeds Fund” for reinvestment in replacement properties. The Corporation has made a separate determination dealing with this Fund and its uses.
4. Section 21(3) obliges the Corporation to set out broad principles of how it will calculate and pay grant. That is the purpose of this determination. The Corporation will publish detailed guides and procedures explaining how it will put these principles into practice.
5. Section 21(4) enables the Corporation to attach conditions to grants. These conditions, which may include conditions for repayment, are not matters which the Corporation can set out in a determination. However, they will be included in the guidance and procedures.

Statutory purchase grant

General determination 1997

1. The Housing Corporation (“the Corporation”), in exercise of the powers conferred on it by section 20 of the Housing Act 1996 and all other powers enabling it in that behalf and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles upon which the Corporation shall specify:
 - a) the procedures 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.
2. This General Determination is made without prejudice to the Corporation’s power to make specific determinations under the provisions of the Housing Act 1996.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Statutory Purchase Grant General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:-

“*Corporation*” means the Housing Corporation or its duly appointed agent;

“*Registered Social Landlord*” means a body registered with the Housing Corporation under sections 1(2) or 3 of the Housing Act 1996.

PROCEDURES TO BE FOLLOWED IN RELATION TO APPLICATIONS FOR GRANT

6. Applications for grant should be made to the appropriate Corporation office in accordance with procedures specified from time to time by the Corporation.

PAYMENT OF GRANT

7. Claims for the payment of grant should be made to the appropriate Corporation office. Applications for payment of grant shall be made in such form and at such times as the Corporation shall specify.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

EXPLANATORY NOTE

(This note is not part of the Determination)

1. Section 16 of the Housing Act 1996 gives tenants of registered social landlords a statutory right to acquire their homes, if they satisfy certain qualifying conditions. One of the qualifying conditions is that their homes must have been provided with grant under the same Act.
2. Statutory instruments made under Section 17 of the Act allow tenants discounts when they exercise their right to acquire.
3. Section 20 of the Act obliges the Corporation to give grants to registered social landlords to finance these discounts. These grants are compulsory.
4. Section 20 also requires the Corporation to determine broad principles of how registered social landlords should apply for these grants and how they will be paid. That is the purpose of this determination. The Corporation will specify separately the details of how it will put these principles into practice.

Disposal proceeds fund

General determination 1997

DISPOSAL PROCEEDS FUND

1. The Housing Corporation (“the Corporation”), in exercise of the powers conferred on it by sections 24 and 25 of the Housing Act 1996 and all other powers enabling it in that behalf and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles upon which the Corporation shall specify:
 - a) the proceeds of sale or payments of grant that shall comprise the net disposal proceeds of a Registered Social Landlord for purposes of section 24(1) of the Housing Act 1996 (amounts to be shown separately in the accounts of the Registered Social Landlord);
 - b) the amount which may be deducted from the proceeds of a sale to arrive at the net proceeds of sale;
 - c) the interest that shall be added to the Disposal Proceeds Fund;
 - d) the purposes for which and manner in which the Disposal Proceeds Fund may be applied or appropriated;
 - e) the time limits within which a Registered Social Landlord must apply or appropriate its Disposal Proceeds Fund.
2. This General Determination is made without prejudice to the Corporation’s power to make specific determinations under the provisions of the Housing Act 1996.

CITATION AND COMMENCEMENT

3. This Determination may be cited as the Disposal Proceeds Fund General Determination 1997.
4. This Determination has effect from 1 April 1997.

INTERPRETATION

5. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:-

“*Charity*” means a body registered with the Charity Commission;

“*Corporation*” means the Housing Corporation or its duly appointed agent;

“*Disposal Proceeds Fund*” means the fund required under section 24 of the Housing Act 1996;

“*Dwelling*” has the meaning given by section 63 of the Housing Act 1996;

“*Local Authority*” has the meaning given by section 106(1) of the Housing Associations Act 1985;

“*Net Disposal Proceeds*” has the meaning given by section 24(2) of the Housing Act 1996;

“*Private Finance*” means a Registered Social Landlord’s own reserves or monies lent or donated to it by persons or bodies other than the Housing Corporation, local authorities or such other public bodies as may be specified from time to time by the Corporation;

“*Public Subsidy*” means subsidy from a local authority or any other source of public money to be specified from time to time by the Corporation;

“*Purchase Grant*” means grant paid under sections 20 and 21 of the Housing Act 1996;

“*Registered Social Landlord*” means a body registered with the Housing Corporation under sections 1(2) or 3 of the Housing Act 1996;

“*Social Housing*” means dwellings acquired, provided, constructed, repaired, converted, improved, or adapted by a Registered Social Landlord for occupation in accordance with standards specified from time to time by the Corporation.

PROCEEDS OR PAYMENTS TO BE TRANSFERRED INTO THE DISPOSAL PROCEEDS FUND

6. A Registered Social Landlord shall transfer into the Disposal Proceeds Fund only those proceeds or payments referred to in section 24(2) (a) to (c) of the Housing Act 1996.

THE AMOUNT WHICH MAY BE DEDUCTED FROM THE PROCEEDS OF SALE TO ARRIVE AT THE NET PROCEEDS OF SALE

7. The amount which may be deducted from the proceeds of sale is the sum of the following:
 - (a) A notional amount representing that proportion of the cost of providing the property which was not financed by public grant or Public Subsidy. The Corporation may from time to time specify the method by which a Registered Social Landlord shall calculate that notional amount.

DISPOSAL PROCEEDS FUND

- (b) Expenses of sale which were reasonably incurred. The Corporation may from time to time specify limits on the administrative expenses which may be deducted.
8. The net proceeds of sale transferred into the Disposal Proceeds Fund may not be a negative amount.

INTEREST TO BE ADDED TO THE DISPOSAL PROCEEDS FUND

9. A Registered Social Landlord shall add interest to the net proceeds of a sale from the date of completion of that sale and as long as the proceeds remain in the Disposal Proceeds Fund.
10. A Registered Social Landlord shall add interest to Purchase Grant received from the date when Purchase Grant is received and as long as the grant remains in the Disposal Proceeds Fund.
11. A Registered Social Landlord shall add interest to the repayment of a discount under section 24(2)(c) of the Housing Act 1996 from the date when it receives the repayment and as long as the repaid discount remains in the Disposal Proceeds Fund.
12. The rate of interest to be added shall be representative of the rate which Registered Social Landlords can obtain on deposit. The Corporation shall specify this rate from time to time and may specify a lower rate for Registered Social Landlords who incur unrelieved income or corporation tax on their interest earnings.

APPLICATION AND APPROPRIATION OF THE SUMS IN THE DISPOSAL PROCEEDS FUND

Purposes to which sums are to be applied or appropriated

13. A Registered Social Landlord may apply or appropriate sums in the Disposal Proceeds Fund for the following purposes only:
- (a) Acquisition of Dwellings for Letting.
 - (b) Acquisition and improvement, conversion or repair of Dwellings for Letting.
 - (c) Acquisition of land followed by construction, on that land, of Dwellings for Letting.
 - (d) Repairs to, or improvement of, Dwellings which have been vacant for a time specified by the Corporation in order that those Dwellings might be Let again.

- (e) Repairs to, or improvement of, Dwellings that a Registered Social Landlord would otherwise demolish, in order that they might continue to be used for Letting.
- (f) Payment of unrelieved capital gains tax upon net disposal proceeds transferred into the Disposal Proceeds Fund.

In this paragraph, “Let” and “Letting” mean letting at such rents and to such standards of management as the Corporation may recommend from time to time.

- 14. Notwithstanding any purposes generally specified, a Registered Social Landlord which is a Charity should not apply or appropriate sums to purposes inconsistent with its charitable objectives.

Manner in which sums are to be applied or appropriated

- 15. Before applying or appropriating sums from the Disposal Proceeds Fund, a Registered Social Landlord shall consult the Corporation, the Local Authority within whose boundary the Net Disposal Proceeds arose and the Local Authority within whose boundary it proposes to apply the sums. The matters for consultation shall include the extent to which the proposed application of the Disposal Proceeds Fund meets local needs for Social Housing and conforms with standards for acquiring, providing, constructing, repairing, converting, improving, adapting and letting Dwellings which may from time to time be specified by the Corporation. The parties to these discussions shall, where it is practicable, aim to apply sums within the boundary of the Local Authority where those sums originated.
- 16. A Registered Social Landlord may not apply or appropriate sums from the Disposal Proceeds Fund except in combination with Private Finance or its own reserves. The proportion funded by Private Finance or reserves shall be similar to the proportions not funded by Social Housing Capital Grant under the Corporation’s procedures.

TIME LIMITS FOR APPLICATION OR APPROPRIATION OF THE DISPOSAL PROCEEDS FUND

- 17. When:
 - (a) Net Disposal Proceeds have remained in the Disposal Proceeds Fund for a period of three years, the start and end of the three years to be specified by the Corporation; or
 - (b) a Registered Social Landlord informs the Corporation that it is unable to find a valid application of the sums in its Disposal Proceeds Fund; or

DISPOSAL PROCEEDS FUND

- (c) the Corporation considers that a Registered Social Landlord is unable to demonstrate to the Corporation's satisfaction that it intends to apply the sums in the Disposal Proceeds Fund to the permitted purposes; or
- (d) in the opinion of the Corporation, a Registered Social Landlord has applied sums from the Disposal Proceeds Fund to a purpose not permitted; or
- (e) a Registered Social Landlord with sums standing in its Disposal Proceeds Fund seeks to be removed from the register maintained by the Corporation under section 1 of the Housing Act 1996 or is removed from that register;

the Corporation may direct a Registered Social Landlord to pay to the Corporation sums in the Disposal Proceeds Fund or to apply them to a specific purpose.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

EXPLANATORY NOTE **(This note is not part of the Determination)**

1. The Disposal Proceeds Fund (DPF) is created by section 24 of the Housing Act 1996. Its purpose is to allow Registered Social Landlords ("landlords") to provide replacement properties for social letting with the proceeds of sales under the right to acquire and the Voluntary Purchase Grant (VPG) programme. A landlord's DPF comprises:
 - (a) the net proceeds of sales under the right to acquire and the VPG programme; and

- (b) grants paid under sections 20 and 21 of the above act - grants to fund discounts at which landlords have sold under the right to acquire and the VPG programme; and
 - (c) any repayments of these discounts by purchasers; and
 - (d) such other proceeds of sale as the Corporation may determine. The Corporation has determined that no other proceeds shall be paid into the DPF.
2. This Determination deals only with those matters where a statutory determination is called for in sections 24 and 25. It does not deal with the content of the annual return on the uses of the DPF. Section 26 gives the Corporation the statutory authority to require this return without making a determination.
 3. The method of constituting the DPF and showing it in the Accounts (section 24(5)) is included in a separate determination.
 4. The net proceeds of sale are the sales receipts based on the full open market valuation less attributable loan debt and expenses of sale, such as legal fees, valuation fees and an allowance for administrative expenses. The attributable loan debt is the original cost of the property less any grant and other public subsidy. The Corporation will specify the details in procedures.
 5. The Corporation intends that landlords should use their DPF to provide replacement social housing units for rent, through new building, rehabilitation or purchase of existing satisfactory houses. This Determination does not allow landlords to spend their DPF on work to their own stock, unless that would bring long term voids back into use or would prevent demolition.
 6. The Determination requires landlords to add notional interest to money resting in the DPF, which we would expect to be by transfer from their accumulated surplus.
 7. Finally, the Determination sets out circumstances in which the Corporation would collect money in the DPF.

Revenue deficit grant

General determination 1997

1. The Housing Corporation, in exercise of the powers conferred on it by sections 51 and 52 of the Housing Act 1988 and of all other powers enabling it in that behalf, with the approval of the Secretary of State for the Environment and after consultation with such bodies appearing to the Corporation to be representative of Registered Social Landlords as it considered appropriate, hereby makes the following General Determination of the principles and assumptions upon which the Corporation shall specify:
 - (a) eligibility for and conditions attached to the payment of revenue deficit grant (“grant”);
 - (b) the procedure for applying for grant;
 - (c) the method of calculating a Registered Social Landlord’s income and expenditure for the purposes of grant;
 - (d) the method for calculating, and any limitations on, the amount of grant;
 - (e) the manner in which, and time or times at which, grant is to be paid;
 - (f) the events upon which the Corporation may reduce, suspend, cancel or recover grant, or direct a Registered Social Landlord to apply or appropriate grant for specified purposes.
2. This General Determination is made without prejudice to the Corporation’s power to make specific determinations under the provisions of the Housing Act 1988.

CITATION, COMMENCEMENT AND REVOCATION

3. This Determination may be cited as the Revenue Deficit Grant General Determination 1997.
4. This Determination shall have effect in relation to any accounting period ending after 31 March 1997.
5. The Revenue Deficit Grant General Determinations 1989, 1990, 1991, 1992 and 1993 shall not apply in respect of any accounting period ending after 31 March 1997.

INTERPRETATION

6. Words and expressions used in this Determination shall, unless the context requires otherwise, have the following meanings:

“1985 HAG” means grant paid under section 41 of the Housing Associations Act 1985 or under any enactment replaced by that section;

“**1988 HAG**” means grant payable under section 50 of the Housing Act 1988;

“**Accounting Period**” means the period to which a Registered Social Landlord’s income and expenditure account relates;

“**Annuity Charge**” means a charge wherein the annual combined repayments of interest and principal are intended to be a constant cash sum throughout the loan term, subject only to variations in the interest rate from time to time;

“**Assured Tenancy**” means an assured tenancy under Part I of the Housing Act 1988;

“**Assured Tenancy Rent**” means a rent determined within a Registered Social Landlord’s rent setting policy which is consistent with guidance issued by the Corporation under section 36A of the Housing Associations Act 1985 or section 36 of the Housing Act 1996, as applicable;

“**Average Assured Tenancy Rent**” means the sum calculated in accordance with method 1, 2 or 3 set out in the Schedule to this Determination;

“**Average Fair Rent**” means the sum calculated in accordance with method 1, 2 or 3 set out in the Schedule to this Determination;

“**Community Leasehold Accommodation**” means accommodation let on a Shared Ownership Lease where the tenant does not have the right to acquire additional shares of equity in the dwelling;

“**Co-operative Housing Association**” means a co-operative housing association as defined in section 1(2) of the Housing Associations Act 1985 which is registered as a Registered Social Landlord under section 1(2) or 3 of the Housing Act 1996;

“**Co-ownership Accommodation**” means that accommodation provided by a Registered Social Landlord registered under the Industrial and Provident Societies Act 1965 where

- (a) the rules of the Registered Social Landlord restrict membership to persons who are tenants or prospective tenants of the Registered Social Landlord and preclude the granting or assignment of tenancies to persons other than members; and
- (b) each tenant (or his personal representative) will, under the terms of the tenancy agreement or of the agreement under which he became a member of the Registered Social Landlord, be entitled on his ceasing to be a member and subject to any conditions stated in either such agreement, to a sum calculated by reference directly or indirectly to the value of his house or dwelling;

“*Dwelling*” has the meaning given by section 63 of the Housing Act 1996;

“*Eligible Accommodation*” means all Dwellings provided by a Registered Social Landlord within their management at 31 March 1997 except for:

- (a) Accommodation whose construction, improvement or whose initial acquisition from a body other than a Registered Social Landlord was financed by Limited HAG;
- (b) Accommodation provided wholly by means of Private Finance on or after 1 April 1975 or re-financed using Private Finance in whole or in part after that date;
- (c) Accommodation provided under Shared Ownership Leases;
- (d) Community Leasehold Accommodation;
- (e) Co-ownership Accommodation;
- (f) Hostel Accommodation;
- (g) Leasehold for the Elderly where no rent is paid other than a service charge;
- (h) Temporary Social Housing;
- (i) Accommodation for which a Supported Housing Management Grant is payable;
- (j) Accommodation conveyed, transferred or leased by public sector landlords (including Local Authorities and such other bodies as the Corporation may specify from time to time) to a Registered Social Landlord after 31 March 1988 unless the accommodation was untenanted and the conveyance, transfer or lease was financed by grant under section 41 of the Housing Associations Act 1985;
- (k) Accommodation managed on behalf of others;
- (l) Accommodation provided or managed with the aid of grant under section 18 of the Housing Act 1996;
- (m) Accommodation provided with the aid of sums applied or appropriated from a Disposal Proceeds Fund created under section 24 of the Housing Act 1996;
- (n) Accommodation provided with the aid of grants which the Corporation has directed a Registered Social Landlord to apply or appropriate to that purpose under section 27(2)(b) of the Housing Act 1996 or section 52(2)(c) of the Housing Act 1988.

“*Fair Rent*” means a rent payable by a tenant to whom the provisions of Part VI of the Rent Act 1977 apply;

“*HAG*” means 1985 HAG or 1988 HAG;

“*Hostel Accommodation*” means accommodation which is provided in a hostel (as defined in section 63 of the Housing Act 1996) with warden support;

“*Housing Activities*” has the meaning given by section 63 of the Housing Act 1996.

“*Leasehold for the Elderly*” means accommodation specifically provided for persons over 55 years of age to be let on Shared Ownership Leases;

“*Letting*” includes a sub-lease, sub-tenancy or licence and an agreement for a lease, tenancy, licence, sub-lease or sub-tenancy;

“*Limited HAG*” means HAG paid in respect of Housing Activities which is limited to a percentage of costs determined when approval is given by the Housing Corporation or is paid at a flat rate as part of a contract between the Registered Social Landlord and the Corporation;

“*Local Authority*” has the meaning given by section 106(1) of the Housing Associations Act 1985;

“*Private Finance*” means a Registered Social Landlord’s own reserves or monies lent or donated to it by a person or body other than the Housing Corporation, a Local Authority, or such other public bodies as may be specified from time to time by the Corporation;

“*Rent Restriction Loss*” means the difference between an Assured Tenancy Rent and a Fair Rent where the latter is the lower figure in a dwelling in a scheme provided with Limited HAG where the Registered Social Landlord houses a secure tenant entitled to a Fair Rent;

“*Services*” means the provision of housing or other services, and furniture, by a Registered Social Landlord to its tenants, for which the Registered Social Landlord separately notes or identifies a service charge in the gross rental income;

“*Shared Ownership Lease*” means a lease granted on shared ownership terms as referred to in section 2 (6) of the Housing Act 1996;

“*Supported Housing Management Grant*” is grant paid under section 18 of the Housing Act 1996 in accordance with the Social Housing Grant (Management Grants) General Determination 1997;

“*Temporary Social Housing*” means Dwellings intended to be kept available for Letting for periods longer than two years but shorter than thirty years.

ELIGIBILITY FOR AND CONDITIONS ATTACHED TO THE PAYMENT OF GRANT

7. Grant may be payable to a Registered Social Landlord if:
- (a) that Registered Social Landlord incurs a deficit in its revenue account adjusted as hereinafter described for an Accounting Period ending on or after 1 April 1997, and
 - (b) that Registered Social Landlord also incurred a deficit which qualified for grant in any Accounting Period covering in whole or in part the period from 1 April 1994 to 31 March 1997 inclusive.

The Accounting Periods referred to in sub-paragraphs (a) and (b) may be the same Accounting Period.

8. No grant shall be payable in respect of any Accounting Period of a Registered Social Landlord, unless
- (a) an application is received by the Corporation within 12 months of the end of the Accounting Period to which the claim relates;
 - (b) the application is in such form and contains such information as the Corporation may from time to time require to enable it to assess the amount of grant that may be payable; and the Registered Social Landlord provides the Corporation with such additional information as it may request in respect of that application;
 - (c) the application is supported by the audited accounts of the Registered Social Landlord for the Accounting Period to which the application relates and those accounts are prepared in accordance with the accounting requirements laid down by determinations made by the Housing Corporation from time to time under Part III of Schedule 1 to the Housing Act 1996.

APPLICATIONS FOR GRANT

9. Applications for grant shall be made to the Corporation's head office.

CALCULATION OF A REGISTERED SOCIAL LANDLORD'S EXPENDITURE OR INCOME FOR THE PURPOSES OF GRANT

10. A Registered Social Landlord shall be treated as incurring a deficit on its revenue account for the purposes of paragraph 7 for an Accounting Period of the Registered Social Landlord if its relevant expenditure exceeds its relevant income.
11. For the purposes of this Determination a Registered Social Landlord's relevant expenditure is its expenditure for the Accounting Period which, in

the opinion of the Corporation, is properly attributable to and incurred on its Housing Activities connected with its Eligible Accommodation (apart from (e) below). An incurred cost is a cost arising from cash paid out, an obligation to pay for an acquired asset or service, or a loss from any cause that has been sustained and has been or must be paid for. Relevant expenditure shall include:

- (a) rent arrears written off and rent losses on vacant accommodation up to a limit specified by the Corporation;
 - (b) the costs of managing and maintaining its accommodation provided that such costs do not exceed allowances or limits specified by the Corporation;
 - (c) Annuity Charges;
 - (d) interest on borrowings relating to relevant expenditure or Annuity Charges in respect of borrowings which relate to the provision of furniture in its accommodation or which relate to the provision of offices provided that such borrowings have been approved by the Corporation;
 - (e) Rent Restriction Losses;
 - (f) Unrelieved taxation.
12. Relevant expenditure excludes the cost of providing Services to tenants and expenditure on the replacement of items which can be met from a replacement or depreciation provision.
13. A Registered Social Landlord's relevant income is the income which it might be expected to receive, having regard to all the circumstances, from its Housing Activities connected with its Eligible Accommodation during that Accounting Period, including sums paid by way of grant or subsidy. Relevant income shall include:
- (a) the gross Fair Rents and Assured Tenancy Rents receivable, excluding any charge relating to the provision of Services;
 - (b) subsidies receivable under Part 1 of Schedule 5 to the Housing Associations Act 1985;
 - (c) revenue grants receivable from local authorities;
 - (d) interest receivable from investments or monies placed on deposit;
 - (e) surplus income from the sale of accommodation where those surpluses have not been used for other purposes.

ASSUMPTIONS

14. In calculating rents receivable by a Registered Social Landlord for the purposes of paragraph 13 where the average Assured Tenancy Rent is less than the average Fair Rent, the Corporation shall assume that the rents receivable from the Registered Social Landlord's Assured Tenants are calculated in accordance with the following formula:

$$A = B \times C$$

- Where
- A = assumed Assured Tenancy rents receivable
 - B = Average Fair Rent per week or month
 - C = the sum of the total number of weeks (where weeks are used in the formula) or the number of months (where months are used in the formula) that individual properties have been let on Assured Tenancies during the Accounting Period.

15. If the Registered Social Landlord is a Co-operative Housing Association, its rental income will be assumed to be the rent that would be received if Fair Rents were chargeable.

CALCULATION OF GRANT

16. The amount of grant payable to a Registered Social Landlord in respect of an Accounting Period shall be that amount by which the relevant expenditure exceeds the relevant income for that Accounting Period but shall be reduced by such of a Registered Social Landlord's reserves (if any) as in the opinion of the Corporation it is reasonable and equitable to take into account.

PAYMENT OF GRANT

17. A grant shall be paid when the claim has been approved by the Corporation.
18. Where the Corporation considers that a Registered Social Landlord has demonstrated a financial need, and where the Corporation considers that grant is likely to become payable to that Registered Social Landlord for an Accounting Period, the Corporation may make payments of grant on account.

CANCELLATION, RECOVERY, REDUCTION OR WITHHOLDING OF GRANT

19. On the occurrence of a Relevant Event as hereinafter defined, the Corporation may reduce, suspend or cancel grant, recover it in whole or in part, or direct it to be applied or appropriated to a specific purpose. Relevant Events shall comprise:

REVENUE DEFICIT GRANT

- (a) the failure of a Registered Social Landlord to submit a claim for grant within 12 months of the end of the Accounting Period for which a payment on account was made in accordance with paragraph 18;
 - (b) the discovery that the Corporation has received incorrect information or made an error in connection with the payment of grant;
 - (c) the receipt of relevant income in a later Accounting Period which should have been shown in the accounts for the Accounting Period for which a payment of grant was made;
 - (d) the failure of a Registered Social Landlord to comply with a condition under which grant was paid.
20. Where after a payment of grant has been made to a Registered Social Landlord a Relevant Event occurs, the Registered Social Landlord shall notify the Corporation and, if so required by written notice of the Corporation, shall furnish it with such particulars of and information relating to the Relevant Event specified in the notice.
21. The Corporation will normally recover grant already paid rather than direct it to be applied or appropriated to a specific purpose. However, if the Corporation does decide to direct grant to be applied or appropriated to a particular purpose, that purpose shall be one which the Corporation considers to be reasonable and appropriate in the circumstances of the case.

INTEREST

22. When the Corporation recovers grant from a Registered Social Landlord, or directs grant to be applied or appropriated to a specified purpose, the Corporation may charge interest from the date of the Relevant Event or from the date the payment was made to the Registered Social Landlord to the date that the grant is received by the Corporation or applied or appropriated to the specified purpose.
23. The rates of interest charged shall be such rates as the Corporation considers to be equitable taking into account the requirement for prompt notification and repayment.

BY ORDER OF THE CORPORATION this TWENTIETH day of MARCH 1997.

R A J Mayer
Chief Executive

SCHEDULE

CALCULATION OF AVERAGE ASSURED TENANCY RENT AND AVERAGE FAIR RENT

1. For the purposes of this Schedule “rent” does not include any sum attributable to providing services to tenants and garage or parking charges other than to tenants.
2. In order to calculate the Average Assured Tenancy Rent and the Average Fair Rent for any Accounting Period, a Registered Social Landlord shall use one of the following methods:

Method 1

Divide the total rents receivable from the relevant type of tenancy during the Accounting Period by the total number of complete weeks properties have been let on that basis.

Method 2

Divide the total rents receivable from the relevant type of tenancy during the Accounting Period by the total number of complete months properties have been let on that basis.

Method 3

Divide the total rents receivable from the relevant type of tenancy by the average number of properties let by the Registered Social Landlord on that basis during the Accounting Period. Such average to be taken by adding the number of properties so let at the beginning of the Accounting Period to the number so let at the end and dividing by two.

EXPLANATORY NOTE**(This note is not part of the Determination)**

1. This is a revision and updating of the 1993 Determination. It refers to changes following on from the Housing Act 1996:
 - (a) Paragraph 7 incorporates the requirement in section 28(2) of the 1996 Act that an association may not claim RDG unless it has had an eligible deficit in the three years preceding 1 April 1997.
 - (b) Paragraphs 19-22 refer to Section 28(3) of the 1996 Act which gave the Corporation power to direct grant to be put to an approved purpose, rather than recovering it.
 - (c) The interpretation of “Eligible Accommodation” in paragraph 6 confirms that the following types of property are not eligible for RDG - property receiving capital or management grants under section 18 of the 1996 Act; property provided with contributions from the Disposal Proceeds Fund; property provided with the aid of recycled Housing Association Grant or recycled Social Housing Grant.
 - (d) The interpretation of “Rent Restriction Losses” and “Limited HAG” in paragraph 6 excludes any such losses incurred on accommodation provided with grant under section 18 of the 1996 Act.
2. It omits obsolete sections of the 1993 Determination:
 - (a) Sections and a schedule setting limits on the size of a deficit on services are removed. Service charges and costs no longer feature in the calculation of RDG. (Paras 12 and 13(a)).
 - (b) Sections phasing out the rent retention concession have also been removed, as that concession has now been completely phased out.