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Ministry of Housing and Local Government
Welsh Office



Housing Subsidies Manual

Housing Subsidies Act 1967

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Housing Subsidies Manual

Housing Subsidies Act 1957

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Contents

	<i>Page Nos.</i>
PART 1: INTRODUCTION	3-6
PART 2: THE NEW SUBSIDIES	7
Section A: Recipient authorities and operative dates for new subsidies	8-9
Section B: Basic subsidy for aggregate approved cost of dwellings	10-13
Section C: Subsidies for flats in blocks of four or more storeys ..	14-15
Section D: Subsidies for dwellings provided to meet special needs	16-19
Section E: Subsidies for mining subsidence precautions and building in special materials	20-21
Section F: Subsidies for dwellings provided in the course of town development schemes	22-28
Section G: Subsidies for expensive sites	29-32
Section H: Subsidies for certain dwellings in new towns	33
Section I: Subsidies for new freehold or leasehold dwellings acquired after completion, or for leasehold land acquired for housing purposes	34-35
Section J: Grant for hostels	36-38
Section K: Abolition, reduction, discontinuance or transfer of subsidies	39-40
Section L: Miscellaneous provisions of the Act	41
Section M: Conditions of grant approved by the Treasury ..	42-46
PART 3: PROCEDURES	
Section N: Site selection and acquisition	48
Section O: Cost yardstick	49-51
Section P: Site development works	52
Section Q: Tender acceptance and subsidy approval	53-55
Section R: Completion of form H.S.1	56-59
Section S: Claims for subsidy payment	60
Section T: Additional loan sanction applications	61

APPENDICES:*Page Nos.*

Appendix I:	Form L.S.(A)	..	..	..	..	..	62-63
Appendix II:	Form L.S.(B)	..	..	..	..	..	64-65
Appendix III:	Form L.S.(C)	..	..	..	..	..	66-67
Appendix IV:	Certificate A	..	..	..	..	..	68
Appendix V:	Certificate B(1)	..	..	..	..	..	69
Appendix VI:	Certificate B(2)	..	..	..	..	..	70
Appendix VII:	Certificate C..	..	..	..	..	..	71
Appendix VIII:	Form H.C.Y.1	..	..	..	..	..	72-73
Appendix IX:	Form T.A.(Hsg.)	..	..	..	..	..	74
Appendix X:	Form T.C.1 ..	..	..	..	..	..	75
Appendix XI:	Form T.C.2. Revised Notes to T.C.2	..	..	..	..	..	76-79
Appendix XII:	Form H.S.1. Notes to H.S.1	..	..	..	..	..	80-90
Appendix XIII:	District Heating	..	..	..	..	..	91-92

Part 1: Introduction

General

1. This Manual describes the provisions of Part I of the Housing Subsidies Act 1967 and the procedure for the submission of housing schemes for loan sanction and subsidy.
2. The new form of basic subsidy, being in effect a percentage grant on housing costs, coupled with the new cost yardstick system,* necessarily involves a rather more detailed type of procedure. The new arrangements have been worked out with the local authority associations, and—once local authorities have familiarised themselves with these procedures—the new system should help to bring about a closer assessment of housing costs and a more economic use of resources.
3. Part 2 of the Manual explains the subsidy provisions of the Act (except Section 12, which will be dealt with in a separate Circular). Part 3 explains the procedures for loan sanction and subsidy approval, and replaces Circulars 48/57 (except form B.L.1) and 67/63. Appendices I–XII bring together standard forms and certificates, including new forms for the cost yardstick, tender acceptance notification and subsidy approval. Appendix XIII concerns the preparation and submission of district heating schemes.
4. In this Manual references to “the Minister” should be taken as referring to the Minister of Housing and Local Government or the Secretary of State for Wales, and references to “the Department” should be taken as referring to the Ministry of Housing and Local Government or the Welsh Office, as appropriate.

Operative Dates

5. The following table summarises the operative dates for the new housing subsidies, the yardstick system and the new mandatory housing standards:

New Subsidies	Cost Yardsticks	New Housing Standards
<i>Dwellings qualifying for back dated subsidies:</i> Dwellings completed by certain local authorities on or after 25th November 1965.	<i>All authorities:</i> Housing schemes submitted for loan sanction and/or subsidy on or after 1st July 1967.	<i>All authorities:</i> Housing schemes submitted for loan sanction and/or subsidy on or after 1st January 1969.
<i>In all other cases:</i> Dwellings for which tenders were accepted on or after 25th November 1965.		

A detailed explanation of the application of the operative dates is given in Section A (subsidy) and O (yardstick and standards) below.

*See MHLG Circular 36/67 and Welsh Office Circular 28/67; throughout the Manual references to “Circular 36/67” relate also to the Welsh Office Circular 28/67.

**Summary of procedures,
forms and
certificates**

6. The following paragraphs summarise the procedures to be followed in the normal case by local authorities when submitting housing proposals for loan sanction and subsidy, and also the purposes of the forms and certificates in Appendices I-XII.

7. In general, the familiar stages of application for loan sanction and subsidy approval are reproduced in the new system. But more detailed information is needed in order to settle the cost yardstick applicable to the scheme, and at a later stage to ascertain the approved cost on which subsidy will be paid. The various stages, which are described in detail in Part 3 of the Manual, are as follows:

- (i) *The first stage* (Section N of Part 3) is the selection and acquisition of the site. This will involve the submission of Certificate A and, if loan sanction is needed, form L.S.(A). There is no important change in this part of the procedure.
- (ii) *The second stage* (Section O of Part 3) is the submission of the layout plan and details of the housing scheme. This is similar to the procedure described in Circular 48/57, but its main purpose now is to enable a cost yardstick to be settled for erection costs. It requires the submission of the new form H.C.Y.1. The approved yardstick will represent what the Minister regards as a reasonable cost limit for the scheme. This will be the maximum cost attributable to erection which will be eligible for subsidy. In the normal case loan consent will not be given, nor subsidy approved, for a scheme where the erection tender or estimate exceeds the approved yardstick by more than 10%.
- (iii) *The third stage* (Section P of Part 3) is the submission for approval of a tender or estimate for site development works. This should now normally be made after the layout has been agreed, but exceptionally both submissions may be made simultaneously. It is accompanied by form L.S.(A) if loan sanction is needed.
- (iv) *The fourth stage* (Sections Q and R of Part 3) takes place after the scheme has been worked out in detail, and in the normal case, after the lowest tender has been accepted if no more than 10% above the approved yardstick. Immediately a tender has been accepted, form T.A.(Hsg.), containing brief details of the tender, is submitted to the Department. Within one month of the date of the acceptance of the tender an application is made for subsidy approval. This requires the submission of form T.C.1., T.C.2., Certificate B(1) or Certificate B(2), form H.S.1. (the new subsidy application form) and, if loan sanction for the erection tender is needed, form L.S.(A). It is at this stage that items which are inadmissible for subsidy have to be identified and deducted from the gross cost of the scheme for the purpose of the subsidy application.
- (v) *The fifth stage* (Section S of Part 3) is when the formal claim for payment of subsidy is made after dwellings approved for subsidy have been completed. At this stage the "approved costs" which were determined at the fourth stage

(subsidy approval) are aggregated for all dwellings completed in a financial year and subsidy is calculated by reference to the total approved cost at the representative rate for that year.

- (vi) *The sixth stage* (Section T of Part 3) is when any additional loan sanction applications are made on form L.S.(B) for excess expenditure incurred in the course of construction.

Forms and Certificates

8. The following summarises the purpose of each of the forms and certificates set out in Appendices I–XII.

Form L.S.(A)	Loan sanction application form for (i) purchase of land or buildings, (ii) site preparation works, (iii) house erection, and (iv) other housing purposes.
Form L.S.(B)	Loan sanction application form for excess expenditure on housing contracts.
Form L.S.(C)	Application form for consent to apply unexpended balances of housing loans to alternative housing purposes.
Certificate A	Certificate to support loan sanction application for land acquisition.
Certificate B(1) and B(2)	Certificate of housing standards.
Certificate C	Certificate to support loan sanction application for excess expenditure.
Form H.C.Y.1.	Cost yardstick information form.
Form T.A.(Hsg.)	Tender acceptance notification form.
Form T.C.1.	General submission for loan sanction for erection costs and for basic and supplementary subsidies.
Form T.C.2.	Details of housing proposals based on erection tender.
Form H.S.1.	Application form for basic subsidy (and where appropriate, high flat and expensive site subsidies); Part A concerns erection costs, Part B site development works costs, and Part C site costs.

9. Copies of forms H.C.Y.1., T.A.(Hsg.), T.C.1 (revised), T.C.2 and the revised notes, H.S.1 and the notes, may be obtained free of charge from the Clerk of Stationery, Ministry of Housing and Local Government, Whitehall, or from the Housing Division, Welsh Office, Cardiff, as appropriate.

Part 2: The New Subsidies

Part I of the Housing Subsidies Act 1967

10. Part I of the Housing Subsidies Act 1967 provides a new form of basic subsidy, which will meet the difference between the loan charges incurred on the aggregate approved cost of dwellings at a rate of interest representative of borrowing rates for the financial year preceding that in which the dwellings are completed, and the loan charges which would have been incurred had the borrowing rate been 4%. Part I also provides for the payment of certain supplementary subsidies, in addition to the basic subsidy, in appropriate cases; and for an increase in the grant for hostels under Section 15 of the Housing (Financial Provisions) Act 1958. Section 12, which provides for a new subsidy for conversions and improvements by housing associations, will be the subject of a separate circular.

11. The detailed application of Part I of the Act is dealt with by subject in Sections A to M below.

Section A: Recipient authorities and operative dates for the new subsidies

12. Section 1 defines the "recipient authorities" who may receive subsidy under Part I of the Act, and sets out the provisions governing the eligibility of dwellings for subsidy in relation to the dates of approval or completion.

13. No dwelling or site approved for subsidy by the Minister under the Act will attract subsidy under the Housing Act 1961.

Recipient authorities

14. "Recipient authorities" are:

- (i) local authorities;
- (ii) development corporations;
- (iii) the Commission for the New Towns; and
- (iv) housing associations as defined in Section 189 of the Housing Act 1957.

Operative date: local authorities development corporations and the Commission for the New Towns

15. New dwellings provided by a local authority in the exercise of its powers to provide housing accommodation, a development corporation (otherwise than in pursuance of authorised arrangements), or the Commission for the New Towns, will be eligible for subsidy under the Act where they were the subject of a formal resolution accepting the tender or estimate for, or approving the cost or estimated cost of, their erection passed on or after 25th November 1965. Where however:

- (a) a formal resolution was passed on or after 25th November 1965 accepting a tender or estimate, it shall be deemed to have been passed before that date if (i) the tender or estimate was submitted to the Minister for approval before that date or (ii) the Minister is satisfied that it replaced a tender or estimate so submitted and relating to substantially the same dwellings;
- (b) a formal resolution passed before that date accepted a tender or estimate for the erection of any dwellings over a period of three years or more, then if, in accordance with the contract for their erection, the erection of some of them was not begun before 25th November 1966, the resolution, so far as it relates to those dwellings, shall be treated as having been passed after 25th November 1965. This provision will ensure that authorities who have entered into long-term contracts should not thereby be excluded from the benefit of the new subsidies on all of the dwellings covered by such a contract. For the purpose of this provision, the start of work on the erection of dwellings shall be taken to be the date on which work on the substructure begins. Any authority making application for subsidy in pursuance of this provision should submit with the H.S.1 a certificate signed by the appropriate professional officer confirming that work on the substructure of the dwellings submitted for the new subsidies had not started before 25th November 1966.

**Operative date:
development
corporations
and housing
associations**

16. New dwellings provided by a development corporation or a housing association in pursuance of authorised arrangements with a local authority, or by a housing association in pursuance of special arrangements with the Minister, will be eligible for subsidy under the Act where the arrangements were made on or after 25th November 1965. Where, however, on approving any authorised arrangements made on or after that date, the Minister is satisfied that the substantial effect of the arrangements had been agreed before that date, the arrangements shall be treated as having been made before that date.

**Backdated
subsidies**

17. Section 1(3)(c) gives the Minister a discretionary power to pay subsidies under the Act on dwellings completed on or after 25th November 1965 in certain cases, even though the tender or estimate was approved before that date. The tests by which eligibility for this concession has been determined, together with a list of the limited number of local authorities in England who satisfied these tests, were announced in a written answer to a Parliamentary Question on 20th December 1966. The list of local authorities in Wales who qualified for backdated subsidies was announced in a written answer to a Parliamentary Question on 31st January 1967.

18. Section 1(3)(d) extends the scope of the backdating concession to approved dwellings provided by a local authority in the course of a scheme of town development within the meaning of the Town Development Act 1952, carried out with the approval of the Minister for the purpose of relieving congestion or over-population in the area of a local authority qualifying under Section 1(3)(c).

19. Local authorities who benefit under Section 1(3)(c) and (d) have already been notified.

20. The backdated subsidies will apply only to dwellings completed on or after 25th November 1965, which were originally approved under the Housing Act 1961, but not under any earlier subsidy legislation.

Section B: Basic subsidy for the aggregate approved cost of dwellings

General

21. Sections 2 and 3 of the Act provide for the new form of basic subsidy, which will be payable for 60 years beginning with the financial year in which approved dwellings are completed, and which will meet the difference between the loan charges incurred by recipient authorities on the aggregate approved cost of providing the dwellings at a rate of interest representative of borrowing rates for the financial year preceding that in which the dwellings are completed, and the loan charges which would have been incurred had they been payable at an interest rate of 4%. There are therefore two variable elements in the basic subsidy calculation:

- (i) the representative borrowing rate, which is dealt with in Section 2; and
- (ii) the approved capital cost of approved dwellings, which is dealt with in Section 3 and Schedule 1.

22. The subsidy will be payable in respect of the aggregate approved cost of all approved dwellings completed by a recipient authority in any one financial year. On occasion, however, a housing association in the course of a financial year may provide dwellings under authorised arrangements with separate local authorities, or a development corporation may provide dwellings both for its own normal purposes, and under authorised arrangements with a local authority. In such circumstances the basic subsidy will be calculated and paid in respect of the aggregate approved costs of the dwellings in each separate case.

(i) *The representative borrowing rate*

Representative rate to be specified by Order

23. The Minister is required by Section 2 to specify representative borrowing rates annually by Orders subject to affirmative resolution of the House of Commons.

Consultations

24. The Minister is also required to consult with the recipient authorities before making Orders. He therefore initially will consult annually the local authority associations and the Greater London Council; the Commission for the New Towns and the development corporations; and the National Federation of Housing Societies and the National Association of Almshouse Trusts.

Separate representative rates

25. Different representative rates may be specified for different classes of recipient authority. It is the Minister's intention, however, to specify, for all relevant years up to and including 1967/68, one rate for both local authorities and housing associations; and a separate rate for the Commission for the New Towns together with the development corporations.

Calculation of the representative rates

26. The representative rate is to be calculated by reference to rates of interest paid on loans raised by recipient authorities in the financial year immediately preceding that in which the dwellings are completed. The rate must be representative, rather than an average, of the rates of interest paid by recipient authorities because local authority borrowing in particular is a complex mixture of longer-term and temporary borrowing.

27. The method of taking these various types of borrowing into account in calculating the representative rate has been agreed with the representative bodies concerned on the understanding that it will be reviewed as may be necessary from time to time.

Notification of representative rate

28. Having determined the appropriate representative rate, the basic subsidy on the aggregate approved cost of dwellings will be calculated as though a loan had been raised which is repayable over 60 years in equal half-yearly instalments of principal and interest combined. The Department will notify recipient authorities as soon as possible in each financial year of the appropriate representative rate of interest specified by Order.

29. The Department will also inform recipient authorities of the appropriate "interest factor" to be used in calculating the amount of basic subsidy payable on approved dwellings for each relevant financial year.

(ii) The approved cost of dwellings

General

30. Section 3, together with Schedule 1, provide for the ascertainment of the approved cost of approved dwellings. The scope of Section 3 and Schedule 1 is explained in the following paragraphs. The detailed administrative application of these provisions, however, is for convenience described in Section R and the notes to the subsidy application form H.S.1.

Approved cost

31. Section 3(1) provides that the approved cost of a dwelling shall be the cost to the recipient authority of providing the dwelling. This will normally comprise the cost of:

- (i) the site;
- (ii) the site development works;
- (iii) erection.

32. In the normal case, the "approved cost" for basic subsidy purposes will be calculated by reference to the cost of the site which is the subject of the tender for erection, together with the relevant costs of the site development works and the erection of the dwellings on the site. Thus basic subsidy will be payable not only on the cost of the land on which dwellings stand, but on land needed for provisions associated with the dwellings, such as estate roads, gardens, and amenity open space forming an essential part of the housing scheme.

H.S.1. Part C Site Costs

33. Section 3(2) of the Act provides that the cost of the site will be determined in accordance with the provisions of Schedule 1. The provisions of this Schedule also apply to the determination of the cost of a site for the purpose of expensive site subsidy. Paragraph 1 of that Schedule broadly provides that:

- (a) the cost of a site acquired by a local authority under Housing Act powers, or by a housing association, shall be the expenses incurred in connexion with the acquisition;
- (b) the cost of a site purchased or held by a local authority under other than Housing Act powers and subsequently appropriated for housing purposes shall be such amount as the Minister may determine having regard to the

purpose for which the site was acquired; the expenses incurred in connexion with the acquisition; and the time elapsed since the acquisition and the use made of the site before its appropriation or use for housing purposes.

The Minister may however reduce the cost determined under (a) or (b) above by an appropriate sum for any buildings or works provided or to be provided on the site which are inadmissible for subsidy, such as garages and shops. The provisions of paragraphs 2, 3 and 4 of Schedule 1, which broadly concern site definition, are substantially similar to comparable provisions in the First Schedule to the Housing (Financial Provisions) Act 1958, which applied to expensive site subsidies, and with which authorities are familiar. Paragraph 4 also enables the Minister to take into account the value of any land given in full or part exchange for a building site.

Site development and erection costs

34. Section 3(3) provides that the cost of site development works and erection for basic subsidy purposes shall be the estimated cost at the date of the council's formal resolution accepting the erection tender or estimate; and any actual costs already known at that date, e.g. the actual cost of roads and sewers provided on a site before the tender for erection is accepted. Section 3(5) however enables the Minister to reduce the approved site development and erection costs of any dwelling by any sum by which the cost in his opinion exceeds what is a reasonable and appropriate cost of providing an adequate dwelling in those circumstances. Under this provision the approved cost of erection will be limited to a figure not exceeding the approved yardstick for a scheme (see Section O below).

Unforeseen costs

35. Section 3(4) enables the Minister to increase the approved cost of dwellings by the whole or part of the amount by which the actual cost exceeds the approved cost based on the erection tender or estimate, where the difference is due to any works made necessary by exceptional conditions underground which could not have been foreseen when the estimate was made. Where the actual cost proves to be lower than the approved cost, for any reason, the Minister also has power to reduce the approved cost. The Minister will, however, only exercise this power where any such reduction is due to the fact that conditions underground prove to be substantially less difficult than expected. The way in which Section 3(4) will be administered is explained in Section Q below.

Apportionment

36. Section 3(6) gives the Minister power to make any apportionment of cost necessary to arrive at the approved cost of a dwelling for a variety of reasons. For example:—

- (i) apportionment will be necessary where a tender includes expenditure on buildings or works not directly related to the provision of subsidised dwellings, such as shops and offices, or where a tender includes expenditure common to subsidised dwellings and other buildings not admissible for subsidy (e.g. roads and sewers servicing subsidised dwellings and shops);
- (ii) apportionment will be necessary where a proportion of dwellings in a tender is completed in one financial year, and the remainder in the following financial year, since a different representative rate of interest may apply to the aggregate approved cost of dwellings completed in different financial

years. In such a case the proportion of the approved cost of a housing scheme which is attributable to an individual dwelling will be calculated by dividing the total approved cost of a scheme (the cost of the site, the site development works and erection) by the number of approved dwellings covered by the tender for erection.

Section C: Subsidies for flats in blocks of four or more storeys

Subsidy scale

37. Section 4 provides for an additional subsidy in respect of each approved dwelling, which is a flat in a block of flats of 4 or more storeys, in accordance with the following scale:

<i>Number of Storeys</i>	<i>Additional Subsidy</i>
Four	£ 8
Five	£14
Six or more	£26

This subsidy is payable for 60 years beginning with the financial year in which the dwelling is completed.

Definition of "dwelling", "flat" and "block of flats"

38. A "dwelling", a "flat" and a "block of flats" are defined in Section 21 of the Act. These definitions remain the same as in previous legislation.

- (a) A "*dwelling*" is a building or part of a building occupied or intended to be occupied as a separate dwelling, together with any yard, garden, outhouses and appurtenances belonging to or usually enjoyed with that building or part of a building. If in the opinion of the Minister, a building or part of a building is designed for permanent use as a single dwelling, it shall be treated as a single dwelling for the purposes of the Act even if it is temporarily divided into two or more parts which are occupied or intended to be occupied as separate dwellings.
- (b) A "*flat*" means a separate and self-contained set of premises, whether or not on the same floor, constructed for use for the purposes of a dwelling and forming part of a building from some other part of which it is divided horizontally. A maisonette is, therefore, a flat for the purposes of the Act and will attract subsidy as such.
- (c) A "*block of flats*" of a given number of storeys means a building containing flats which consists of that number of storeys exclusive of any storey constructed for use for purposes other than those of a dwelling. A building which consists of a different number of storeys in different parts is to be treated as if each of those parts were a separate building. The Minister is given the discretion to determine any question as to:
 - (i) the division of a building into parts with a different number of storeys;
 - (ii) the number of storeys in each part; and
 - (iii) the number of flats in each part.

39. The interpretation of the definitions set out in paragraph 38(a) and (b) above should present no difficulty. The definition of "block of flats" given in paragraph 38(c) will normally be interpreted as follows:

- (i) A block of flats may comprise sections of different numbers of storeys—e.g. on a sloping site one part may be four storeys and another six storeys.

For subsidy purposes, the building will be divided vertically according to the number of storeys. Where a flat overlaps this vertical division it will be treated as though it were wholly within the section that contains the greater part of its floor area.

- (ii) The number of storeys in each separate building will be reduced where more than half of the floor area of a storey is occupied (a) by shops, garages or similar facilities or (b) by ancillary provisions which are necessarily provided with a block of flats, but which would not be required for two storey dwellings (e.g. water tanks, lift gear).
- (iii) Where a storey is occupied by ancillary provisions such as tenants' storage space, which would normally be provided with two storey dwellings, the storey may be included in assessing the number of storeys, although the storey itself will not attract the subsidy.
- (iv) Where the main structure of a building is raised above ground level, the space beneath will not count in assessing the number of storeys.

Procedure at layout stage

40. Payment of subsidy under Section 4 is automatic for flats of four or more storeys approved by the Minister for the purpose of Part I of the Act. Since, however, the amount of subsidy may depend on the precise interpretation of the terms referred to in paragraphs 38 and 39 above, the Department will be prepared on request, when approving the yardstick for a scheme at layout stage (see Section O below), to give an indication of the rates of subsidy under Section 4 which the authority may expect to receive on the basis of the sketch plans submitted. An exact assessment of the rate of subsidy however cannot be made until sectional drawings are submitted with H.S.1 when application for basic subsidy is made after a tender has been accepted (see paragraph 8 of notes to H.S.1.—Appendix XII).

Section D: Subsidies for dwellings provided to meet special needs

Purpose of subsidy

41. Section 5 enables the Minister to pay an additional subsidy on each dwelling approved for subsidy under Section 1(1) in two special cases:

- (i) where a local authority urgently needs to provide additional dwellings and, but for the payment of additional subsidy, could not do so without imposing an unreasonably heavy rate burden or charging unreasonably high rents for these dwellings, and other dwellings which they provide;
- (ii) where a local authority will provide dwellings as part of a scheme amounting to a substantial transfer of industry or of persons engaged in an industry, but cannot do so without unreasonably increasing the rate burden or the rents for other dwellings provided by the authority. (This does not apply to dwellings provided in the course of town development schemes, or similar schemes, to which Section 8 of the Act applies—see Section F below).

Section 5(1)

42. The White Paper on "The Housing Programme 1965 to 1970" indicated that the supplementary subsidy available to local authorities with limited resources under the First Schedule to the Housing Act 1961 could not be continued in the same form because it was in essence part of a fixed basic subsidy, which was being replaced by a new form of basic subsidy which increases as housing costs and interest rates increase, but that the supplementary subsidy available under Section 5(1) of the new Act would be of comparable form and payable in broadly the same circumstances. It also referred to the fact that the First Schedule subsidy had been of particular value to many authorities in Wales. (See Cmnd. 2838, page 18, paragraph 5(c).)

Test of eligibility for subsidy under Section 5(1)

43. The Minister has decided that eligibility for the supplementary subsidy under Section 5(1) should be determined by a test which refers more closely to actual costs and actual resources than the tests contained in the First Schedule to the Housing Act 1961. He has also decided that the gross value factor, which was the chief determining factor of limited resources in the First Schedule tests, should be retained. Eligibility for supplementary subsidy under Section 5(1) will therefore be determined on the basis of the following test, which aggregates rent income and any rate fund contribution:

- (i) if a local authority's rent income plus any rate fund contribution (less any rate deficiency or rate support (resources element) grant) in a financial year, when expressed as a ratio of the gross value of the dwellings in the authority's Housing Revenue Account at the end of that financial year (hereinafter referred to as the authority's "rent/G.V. ratio"), exceeds by 15% or more the average rent income for that year plus rate fund contribution (reduced as above) of the authorities in England and Wales of the same class, also expressed as a ratio of the gross value of dwellings in the Housing Revenue Accounts of those authorities (hereinafter referred to as the "average rent/G.V. ratio"), then

(ii) the supplementary subsidy will be payable according to the following scale in respect of approved dwellings completed in the subsequent financial year:

15% but less than 20%	—	£ 5
20% „ „ 25%	—	£10
25% „ „ 30%	—	£15
30% and above	—	£20

**Method of calculating
“rent/G.V. ratio”**

44. As regards paragraph 43(i) above it is proposed that each local authority should calculate its rent/G.V. ratio, for the purpose of establishing a claim, by reference to the following factors in the financial year in question:

(A) Add

- (i) actual rents for dwellings (excluding amenities—such as hot water, etc. services);
- (ii) rate fund contribution (whether under paragraph 1(5) or (6) of the Fifth Schedule to the Housing (Financial Provisions) Act 1958) reduced by the percentage of any rate deficiency or rate support (resources element) grant referable to the rate fund contribution;
- (iii) balance brought forward from previous financial year;
- (iv) abnormal income arising in the financial year from closure of the Housing Equalisation Account, lump sum credits arising from appropriation from housing, etc.

(B) Deduct from (A)

- (i) balance carried forward at the end of the financial year, and any part of a surplus applied under paragraph 5 of the Fifth Schedule to the 1958 Act (as amended) in making good to the rate fund any previous rate fund contributions;
- (ii) any capital expenditure in the financial year which is met from revenue, under specific directions under the Fifth Schedule to the 1958 Act, lump sum debits arising from appropriation to housing purposes, excessive repairs fund contributions etc.
- (iii) where tenants are *not* responsible for internal decoration, 15% of contribution to Housing Repairs Account.

45. A simplified example of the way in which the calculation described in paragraphs 43(i) and 44 above should be made is as follows:

	£
(A) Add:	
(i) actual rents received	585,000
(ii) rate fund contribution of £50,000 less 30% resources grant ..	35,000
(iii) balance brought forward from previous financial year ..	5,000
(iv) abnormal income	Nil
Total	625,000

(B) Deduct:	£
(i) balance carried forward at the end of the financial year ..	10,000
(ii) capital expenditure met from revenue	15,000
(iii) deduction of 15% of contribution to Housing Repairs Account (assumed not relevant because tenants are responsible for internal decoration)	Nil
Total	25,000
(C) Net sum of (A)-(B)	600,000
(D) Gross Value of dwellings in the authority's Housing Revenue Account	500,000
(E) Rent/G.V. ratio ((C)/(D))	1.2

Consequently, if the average rent/G.V. ratio for the relevant class of authority were 1.0, then the authority in the above example would have a rent/G.V. ratio of 20% above the average, and therefore would qualify for a subsidy under Section 5(1) of £10 for each approved dwelling completed in the following financial year.

46. As indicated in paragraph 43 above, the formula provides for qualification for the subsidy for dwellings completed in any financial year (e.g. 1965/66), on the basis of the situation in the preceding financial year (e.g. 1964/65). No general body of information on rents will be available to the Minister under present arrangements until the I.M.T.A. Housing Statistics are published towards the end of the financial year of the subsidy entitlement. Rather than require every authority to make a special rent return in the preceding April, the Minister will calculate the figure 15% above the average rent/G.V. ratio for different classes of authority on the basis of the extensive sample contained in the I.M.T.A. Housing Statistics. Consequently, as this calculation cannot be carried out until towards the end of the financial year to which it applies, the Department will make provisional payments on the basis of comparable figures for the preceding financial year, subject to any necessary subsequent re-adjustment.

47. For any local authority which is newly constituted, the rent/G.V. ratio for the authority's first financial year will determine entitlement to the subsidy in respect of approved dwellings completed in that financial year as well as the following year.

48. The qualifying rent/G.V. figures will be notified to local authorities each year. Authorities will then be able to calculate whether or not they qualify. If so, an application should be submitted to the Department, accompanied by a certified statement giving the information required by paragraphs 43 and 44 above. The formula may be reviewed from time to time by the Minister, as necessary.

Section 5(2)

49. The supplementary subsidy under Section 5(2) differs in three main ways from the subsidy under Section 3(2)(a) of the Housing Act 1961, which was payable for accommodation provided for incoming workers to meet the urgent needs of industry. It is a subsidy which supplements a substantial basic subsidy; it is payable only in the context of a scheme amounting to "a substantial transfer of industry or persons engaged in an industry"; and it is payable only where otherwise there would be an unreasonable increase in the existing rent or rate burden.

50. The Minister does not propose at this stage to define with precision the circumstances in which houses will qualify for subsidy under Section 5(2) other than that, as laid down in the sub-section, they must be provided as part of a scheme amounting to a substantial transfer of industry or of persons engaged in an industry. The kind of scheme envisaged is where a major industrial establishment transfers from one part of the country to another, bringing workers with it, or where major new industrial growth in one area attracts workers from other areas who will require housing in that area. It is not intended that this subsidy should be payable where new industrial growth occurs in an area but does not result in a substantial influx of workers to that area. It is proposed that, at least initially, particular schemes should be considered on their merits though this may lead later to more detailed definition of the type of scheme which will be eligible for the subsidy. A provisional formula by which the amount of subsidy will be calculated has been agreed with the local authority associations and will be discussed with individual authorities in the light of particular schemes.

National Coal Board

51. The Section 5(2) subsidy will not be available for dwellings provided for miners transferred as a result of the accelerated colliery closure programme announced in November 1965 as separate funds have been made available under the Coal Industry Act 1966 from which the N.C.B. may make contributions to authorities providing such dwellings.

Duration of subsidies

52. The Section 5(1) subsidies will be approved for 60 years in the first instance but the period will be subject to review after 10 years in the light of the financial circumstances of the local authorities concerned at that time. The 5(2) subsidies will be approved for 10 years only, since they are payable in circumstances analogous to those in which the 10-year town development subsidies under Section 8 of the Act are payable.

Limitation of subsidy payments under Section 5

53. Section 5(3) limits the maximum subsidies payable under Section 5(1) and (2) together to a maximum of £30; and Section 5(2)(a) precludes payment of the Section 5(2) subsidy on dwellings attracting the supplementary town development subsidy under Section 8. The Minister has decided that the maximum subsidies payable on the same dwelling under Section 5(1) and Section 8 also should be limited to a maximum of £30.

Section E: Subsidies for mining subsidence precautions and building in special materials

Sections 6 and 7

54. Section 6 and Section 7 provide for the payment of additional subsidies for precautions taken against subsidence and for building in special materials respectively. The Minister may pay these subsidies to any recipient authority, in respect of any approved dwellings.

Precautions against subsidence

55. Section 6 provides for the payment for each approved dwelling of an additional subsidy of an amount not exceeding £2 per annum for 60 years, beginning with the financial year in which the dwelling is completed, where the Minister is satisfied that the cost of providing a dwelling has been or will be substantially enhanced by measures attributable to the acquisition of rights of support or otherwise attributable to measures taken for securing protection against the consequences of the subsidence of a site. The subsidy will continue to be restricted to dwellings built on sites liable to mining subsidence.

Special materials

56. Section 7 provides for the payment for each approved dwelling of an additional subsidy of an amount not exceeding £10 per annum for 60 years, beginning with the financial year in which the dwelling is completed, where the Minister is satisfied that the cost of the dwelling is substantially enhanced by expenses attributable to measures taken to preserve the character of the surroundings. The Minister intends to restrict payment of this subsidy to the use of stone, slate or other special materials. The Minister is, however, anxious that recipient authorities should make use of this subsidy whenever it is reasonable to do so, especially in areas such as the Cotswolds, the Lake District and North Wales.

Procedure— layout stage

57. The authority should submit at layout stage (see Section O below) details of proposals for subsidence precautions or the use of special materials. As regards the latter, authorities should consider first obtaining the advice of architects familiar with local building traditions and characteristics.

58. The Department will then consider whether the measures proposed by the authority can be accepted and whether the estimated additional costs also justify a higher yardstick.

Formal application for subsidy

59. In due course, the authority should make a formal application for subsidy under Section 6 or Section 7 when making an application for basic subsidy after a tender has been accepted. (Copies of the relevant application forms H.S.2 (Section 6) and H.S.3 (Section 7) may be obtained from the Department). The subsidy will be related to the additional costs attributable to precautions against subsidence, or to the use of special materials, contained in the tender or estimate for the erection of the dwellings on which basic subsidy will be calculated, or any other relevant actual or estimated cost at the date on which the erection tender or estimate was accepted by the authority.

60. No subsidy will be payable under Section 6 or Section 7 unless the agreed additional costs are £16 or more per dwelling. Subsidy will then be payable on the following scale:

Additional Cost

Additional Subsidy

<i>Additional Cost</i>		<i>Additional Subsidy</i>		
Not less than	Less than	£	s.	d.
£	£			
16	32	10	0	0
32	48	1	0	0
48	64	1	10	0
64	80	2	0	0 (maximum for Section 6)
80	96	2	10	0
96	112	3	0	0
112	128	3	10	0
128	144	4	0	0
144	160	4	10	0
160	176	5	0	0
176	192	5	10	0
192	208	6	0	0
208	224	6	10	0
224	240	7	0	0
240	256	7	10	0
256	272	8	0	0
272	288	8	10	0
288	304	9	0	0
304	320	9	10	0
320 and above		10	0	0 (maximum for Section 7)

Section F: Subsidies for dwellings provided in the course of town development schemes

Section 8(1) (a): Town development schemes

61. Under Section 8(1)(a) where a dwelling is provided by a local authority (or by a housing association in pursuance of authorised arrangements made with the local authority) in the course of a scheme of town development, as defined in Section 1 of the Town Development Act 1952, the Minister may pay an additional annual Exchequer subsidy of £12 for 10 years, provided that:

- (i) the town development scheme is carried out wholly or partly within the area of the local authority providing the dwelling;
- (ii) the scheme is, in the Minister's opinion, on a substantial scale.

Existing town development schemes

62. The Minister will accept existing town development schemes which have not yet been completed, as substantial, and therefore qualifying for the additional subsidy, if the local authorities carrying out the development are in receipt of, or have been offered, Exchequer assistance under Section 2 of the Town Development Act 1952. In practice, local authorities who receive the £12 contribution under Section 2(2)(a) of the 1952 Act, or have been given an undertaking by the Minister under Section 2(2)(d) of that Act, to contribute towards their expenditure on water and sewerage schemes, can expect to receive the supplementary subsidy of £12 under Section 8(1)(a). Contributions under Section 2(2)(a) of the Act of 1952 will not of course be paid for dwellings which qualify under Section 8 of the Act. Dwellings which qualify for backdating by virtue of Section 1(3)(d) of the Housing Subsidies Act 1967 (see paragraph 18 above) will, in the case of substantial schemes, also attract a supplementary subsidy under Section 8(1)(a), and any £12 contributions already paid under Section 2(2)(a) of the Town Development Act 1952 will be treated as having been paid under Section 8(1)(a).

63. The new supplementary subsidy under Section 8 is not limited to schemes based on the transfer of industry, which was a condition for payment of contributions under Section 2(2)(a) of the Town Development Act 1952. A number of existing schemes which did not qualify for the former £12 contribution will therefore be eligible for the supplementary subsidy under Section 8(1)(a) if the town development scheme is on a substantial scale.

64. The primary purpose of town development is the provision of dwellings which will relieve congestion or over-population elsewhere. The Minister therefore proposes to pay the supplementary subsidy under Section 8(1)(a) for dwellings approved for the purposes of Part I of the Act which are provided, directly or indirectly, for persons coming from areas which appear to him to be congested or over-populated. In relation to the existing expanding towns, where the development is on a substantial scale, the supplementary subsidy will be paid in respect of houses let to persons coming from the areas of authorities which the Minister has designated as sending authorities for the purposes of Section 9(1)(b) of the Act. The towns where development is accepted as being on a substantial scale and which will therefore qualify for the £12 are:

London Expanding Towns

Andover, Ashford, Aylesbury, Banbury, Basingstoke, Bletchley, Bury St. Edmunds, Gainsborough, Great Cornard (Melford R.D.C.), Haverhill, Huntingdon, King's Lynn, Letchworth, Mildenhall and Brandon (Mildenhall R.D.C.), Newmarket, St. Neots, Sudbury, Thetford, Wellingborough, Witham.

Birmingham Expanding Towns

Aldridge-Brownhills, Daventry, Droitwich, Lichfield, Tamworth, Weston-super-Mare.

Liverpool Expanding Towns

Ellesmere Port, Widnes, Winsford.

Manchester Expanding Towns

Burnley, Crewe, Macclesfield.

Tyneside Expanding Towns

Cramlington (Seaton Valley U.D.C.), North Killingworth (Longbenton U.D.C.).

65. It is proposed to designate as sending authorities the Greater London Council and the authorities in their area, and the authorities in the Merseyside, South-East Lancashire, Tyneside and West Midlands conurbations whose areas have problems of congestion and over-population even though many of the authorities will not have agreements with any of the above-named towns. The authorities concerned have been informed of the Minister's intentions. When the designation procedure has been completed the expanding towns will be told the areas from which they can house persons in the expectation of getting the Exchequer £12 subsidy.

66. A few expanding towns, Cramlington, North Killingworth, Weston-super-Mare and Winsford, have been able to claim town development subsidies in respect of houses let to Londoners even though the local authority in question has not entered into an agreement with the Greater London Council. It is now proposed to extend these arrangements to all expanding towns and to some of the conurbations. This means that the Exchequer £12 can be claimed in respect of:

- (a) Londoners housed in any of the expanding towns mentioned above;
- (b) persons from the areas of the designated authorities in the West Midlands conurbation housed in any of the expanding towns mentioned above apart from those primarily intended for London overspill;
- (c) persons from the areas of the designated authorities in Merseyside and South-East Lancashire housed in any of the Liverpool, Manchester and Tyneside expanding towns.

67. The sending authorities will of course be called on to make a contribution equal to the Exchequer £12 only if the tenancy of the house in question is allocated in the circumstances referred to in Section 9(2) (see paragraph 82 below).

Key-workers

68. Some of the expanding towns have been able to claim town development housing subsidies in respect of persons classed as key-workers who come from outside the sending area. This concession will continue within a maximum of 10% of the total number of incoming tenants, but when expanding towns submit claims for key-workers they will be expected to certify that:

- (a) the claim is in respect of a worker who could not be recruited from the sending areas;
- (b) the employment of other workers depends on his recruitment, i.e. he is a genuine key-worker.

Agency schemes

69. Under the provisions of Section 8(1)(a) the supplementary subsidy is payable to the receiving authority providing a dwelling, but this does not preclude arrangements with the sending authority to build the dwellings on an agency basis, provided that they are handed over to the receiving authority before occupation.

Approval of town development schemes on a substantial scale

70. Where the authority are proposing to carry out development which seems to them to be town development on a substantial scale, they are advised to consult the Department informally to establish whether or not the houses they propose to build would qualify for the supplementary subsidy under Section 8(1)(a). The authority at the same time should make preliminary enquiries about the possibility of the payment of grant under Section 2 of the Town Development Act 1952 for expenditure likely to be incurred in the provision of water supply and sewerage and sewage disposal works necessitated by the town development scheme.

71. When a scheme has been agreed in principle, it is customary for the authorities concerned to ask for whatever approvals and authorisations under the Town Development Act 1952 are required for the scheme to be carried out. At this stage the Minister will formally indicate whether the development is, in his opinion, on a substantial scale and, where it is, the number of dwellings comprised in the scheme for which, if duly qualified, the supplementary subsidy under Section 8(1)(a) will be paid. The authority carrying out the town development, when submitting individual housing schemes for subsidy approval, should state the number of dwellings which are included in the erection tender for town development purposes.

Register of New Dwellings

72. Local authorities will be required to keep a Register of New Dwellings in the form set out in Section M and to record in that Register the Minister's approval for the purpose of Section 8(1)(a). Entitlement to the supplementary subsidy under Section 8(1)(a) will be established by cross reference of the dwellings to appropriate entries in the Register of Incoming Tenants (see Section M below). The entries in the Register of Incoming Tenants relating to town development schemes should relate only to persons coming from the area of the authority or authorities designated in respect of a particular town development scheme as sending authorities for the purpose of Section 9 of the Act (see paragraphs 65 and 66 above) together with qualified key-workers (see paragraph 68 above) within a limit of 10% of the total incoming tenants.

73. If the Register of Incoming Tenants is already being kept for the purpose of town development subsidies under the Housing Act 1961 (Circular 55/61 refers), the new Register should be treated as a continuation. When all the town development dwellings approved under the Act of 1961 have been completed and have qualified for subsidy by cross references to the Register of Incoming Tenants, whether kept under Circular 55/61 or under Section M, cross reference in respect of dwellings provided under the Housing Subsidies Act 1967 should be made to the next following entries in the Register of Incoming Tenants (including where relevant, the Register relating to the Housing Act 1961). As it is not a condition of qualification for town development subsidy that the new dwellings shall actually be occupied by the persons providing the cross references, a specific rule is necessary in order to establish a reasonable link between the provision of new dwellings and the housing of incoming tenants. This rule, which is similar to that in force previously, is that to qualify for a supplementary subsidy, the dwelling must be completed during the financial year in which the incoming tenant involved in the cross reference is housed by the authority, or during the following two financial years.

74. Authorities in receipt of contributions under Section 2(2)(a) of the Town Development Act 1952 have been sending copies of their Registers of Incoming Tenants to the Department in connection with the recovery of part of the contributions from the exporting authorities under the Housing Subsidies Act 1956. In future, these Registers should only be forwarded where they include entries to which cross references have been made in respect of remaining town development dwellings subsidised under the Housing Act 1961. Copies of the Registers may, however, be required for the purpose of claiming contributions from the sending authority under Section 9 of the Act.

**Section 8(1) (b):
Schemes of comprehensive development**

75. By virtue of Section 8(1)(b) a supplementary subsidy of £12 is payable for 10 years for dwellings provided by an authority whose area is congested or over-populated where the dwellings are built in some area other than its own as part of a scheme of comprehensive development, the general character of which is, in the Minister's opinion, similar to development for the purposes of a new town.

76. The subsidy under Section 8(1) (b) is provided to meet the case where the authority will be responsible for extra works which would not be required if the dwellings were provided in their own area. In order to qualify for the subsidy it is essential that a scheme should make provision not only for residential development of all types, but also for industry and commerce, and that there should be adequate shopping, recreational and community facilities. The development should thus result in a self-contained and balanced community. Such schemes will normally be on a substantial scale, but the Minister will not necessarily rule out proposals for more modest schemes since he is concerned rather with the character of the development than with the size. The Minister will not approve proposals merely for residential development unaccompanied by a substantial amount of other development.

Approval of a scheme for comprehensive development

77. Local authorities of congested and over-populated areas who have in mind proposals for comprehensive development which they consider to be of a

new town character may wish to consult the Department informally at an early stage. The Department should be informed of:

- (i) the character of the development proposed;
- (ii) its location, scale and timing;
- (iii) the circumstances of the area in which the development is proposed;
- (iv) whether any consultation has taken place with local authorities in the area, including the local planning authorities; and
- (v) development agencies proposed for the scheme or its various components.

78. Where such informal consultation has established a prima facie case for the scheme, more detailed consideration and local negotiations will follow. These might lead in due course to the submission of planning applications, proposals to amend the Development Plan and proposals for the acquisition of land, which will be considered in the normal way. Should the proposals be approved, the authority should ask the Minister to say whether the scheme, which will involve the provision of a stated number of dwellings, is in his opinion similar to development for the purposes of a new town. If the Minister agrees that it is, the authority will be told that the agreed number of dwellings will be eligible for subsidy under Section 8(1)(b).

79. The authority, when submitting individual housing schemes for approval, should indicate that the dwellings form part of the approved scheme of development.

Register of New Dwellings

80. The authority will be required to keep a Register of New Dwellings provided in the form set out in Section M and to record in that Register the Minister's approval for the purposes of Section 8(1)(b).

Recovery under Section 9 of Housing Subsidies Act 1956

81. The recovery provision of Section 9 of the Housing Subsidies Act 1956 will not apply to town development houses to which the Housing Subsidies Act 1967 applies. Recoveries will, however, continue to be made under the former Act for whatever remains of the 15 or 10 years in respect of the Exchequer contribution of £12 or £8 respectively under Section 2(2)(a) of the Town Development Act 1952, as amended.

Section 9: Contributions between authorities

82. Payment of subsidy under Section 8 establishes the receiving authority's right under Section 9 of the Act to claim an equivalent contribution of £12 for 10 years from the sending authority of the area from which the tenant came, whether that tenant is accommodated in a house approved for supplementary subsidy under Section 8 or in an existing house. Section 9(2) provides that this right can only be exercised if the tenant, prior to rehousing:

- (a) (i) was a tenant in a dwelling managed by the sending authority under the Housing Acts 1957 to 1965;
- (ii) was resident in a clearance area or in premises subject to a demolition or closing order;
- (iii) was on the sending authority's list of persons to be offered, when opportunity arose, a tenancy of a dwelling managed by it under the Housing Acts 1957 to 1965;

- (b) was nominated by the sending authority for a town development house;
- (c) was selected for employment for an industrial scheme;
- (d) is included in any class of persons defined by agreement between the sending and receiving authorities as being a class for whom town development houses might properly be provided and attract a contribution from the sending authority. In default of such agreement, the Minister may decide which class or classes of persons to include.

83. The intention is that sending authorities should contribute only when the allocation of a tenancy of a town development house relieves their housing problems. Paragraph 82 (a) to (d) above lists the circumstances in which the allocation of a town development house would give such a relief. It may be necessary in some circumstances for the receiving authority to ask the sending authority whether the person falls within any of the categories listed in (a) to (d) of paragraph 82 above. Broadly speaking this will be a question of fact. As regards paragraph 82(a)(iii), it should be noted that the intention is that the sending authority should make a contribution in respect of persons whose names are on their active housing list to be offered a house when the opportunity arises, and not in respect of a list which contains the names of all persons who apply for a local authority house, irrespective of need. Thus the requirement to pay a contribution under Section 9 will not apply to those persons who have applied for a house and whose names have been recorded on a list of applications which the London Borough Councils are obliged to keep under Section 22 of the London Government Act 1963 but who have not been accepted for inclusion on the active list.

84. A receiving authority will not be able to claim the contribution from the sending authority as regards town development houses which were completed on or after 25th November 1965, and which benefit from the back-dating concession under Section 1(3)(c) of the Act (see paragraph 17 above).

85. Contributions will also not be recoverable under Section 9 if houses are allocated to persons who come from areas of authorities which have not been designated as sending authorities.

86. Section 9(3) makes the Greater London Council responsible for the sending authority's contribution in respect of tenants resident in Greater London prior to rehousing. This is necessary because under Section 61 of the London Government Act 1963 the Greater London Council are the overspill authority for Greater London; whereas the action which establishes a sending authority's liability for a contribution under Section 9(2) may have been taken by a London Borough Council or the City Corporation.

87. Section 9(4) provides that where a contribution is payable under the section in relation to a dwelling provided by a housing association, in pursuance of authorised arrangements made with a local authority, the authority shall pay to the association an annual grant of an amount not less than the contribution.

Greater London Council

Housing associations

**Housing Revenue
Accounts**

88. Section 9(5) provides that any contributions received by the local authority under this section shall be credited to the Housing Revenue Account except as regards contributions in respect of which the authority is required to make annual grants to a housing association (see paragraph 87 above).

**Revision of
existing agreement with
sending authorities**

89. There are some receiving authorities with town development schemes on a substantial scale where houses have not qualified for the £12 contribution under Section 2(2)(a) of the Town Development Act 1952, as amended, though they would qualify for the supplementary subsidy under Section 8(1)(a). In these circumstances, it is likely that the authority of the congested area with whom there is an agreement have been making some contribution direct to the receiving authority. The question may therefore arise whether or not the authority of the congested area can be called upon to pay a contribution under the agreement in addition to the contributions which the receiving authority can claim under Section 9 of the Act. The particular terms of an agreement which are affected by new arrangements such as a change in housing subsidy legislation can of course be varied by subsequent agreements; and if necessary, existing agreements can be cancelled by mutual consent and new agreements entered into.

Section G : Subsidies for expensive sites

Section 10: Rate of Subsidy

90. Section 10 provides for the payment of expensive site subsidy to recipient authorities in respect of the site on which approved dwellings are built:

- (a) if the net cost of a site exceeds £4,000 an acre; and
- (b) if the site is approved by the Minister for the purposes of Section 10.

91. Subsidy is payable for sixty years from the financial year in which the dwelling or dwellings on the site are completed:

- (i) at the rate of £34 per acre for every £1,000 or part of £1,000 by which the net cost of the site per acre exceeds £4,000 but does not exceed £50,000;
- (ii) at the rate of £40 per acre for every £1,000 or part of £1,000 by which the said cost exceeds £50,000.

The subsidy may, however, be limited in the circumstances set out in paragraphs 93-97 below.

Ascertainment of the cost of the site

92. As with basic subsidy, the Minister intends to relate payment of expensive site subsidy to a site which is the subject of a single tender for erection. The cost of a site for both subsidies will be determined in accordance with the provisions of Schedule 1 of the Act. Consequently, in the normal case, the cost of a site will be the same for both basic and expensive site subsidies (see Section R and notes to H.S.1). There is one exception to this rule. Section 10(5) gives the Minister discretionary power to reduce the cost of a site, when calculating expensive site subsidy, where any works of construction or any works carried out for the purpose of making a site suitable for the provision of dwellings have been taken into account in ascertaining the cost, the reductions being by such amount as is, in the Minister's opinion, attributable to those works. Such works will of course be admissible for basic subsidy.

Limitation of subsidy: Section 10(1) and (2)

93. Section 10(1) and (2) enables the Minister to limit the rate of subsidy to an amount which, together with the basic subsidy payable on the site, would be equivalent to 75% of the loan charges assumed to be incurred for the purposes of Section 2(2) of the Act, at the relevant representative rate of interest specified by the Minister, unless the Minister considers that the cost of providing dwellings on a site would be unduly high in the circumstances of the case.

94. The Minister intends to relax the 75% limitation only if one of the alternative tests (a) and (b), described below, is fulfilled:

- (a) Where it is established that an authority is qualified for supplementary subsidy under Section 5(1) in respect of the dwellings completed by the authority in a financial year, expensive site subsidy will be paid without restriction for a site on which the dwellings are completed in that year (see Section D above). If the dwellings on a site are completed in two or more financial years, the relaxation will apply to that part of the site on which the qualified dwellings are completed. Until the qualification under Section 5(1) is established, payments on account of expensive site subsidy will be subject to the 75% limitation, with subsequent adjustment where appropriate. An authority which fails this test for a particular year will of course be free to apply for relaxation under subparagraph (b) if qualified.

- (b) For site costing over £70,000 per acre, the limitation will be relaxed in accordance with a sliding scale so that the combined basic and expensive site subsidies will rise from 75% of the loan charges on the approved cost of the site at £70,000 per acre to 90% of the loan charges at over £200,000 per acre. No relaxation of the statutory limitation will apply to sites costing up to £70,000 per acre, unless of course an authority satisfies the test in subparagraph (a) above.

will be calculated as for basic subsidy (see paragraph 36 above).

**Limitation of
subsidy:
Section 10(3)**

95. Section 10(3) provides for a limitation of subsidy by requiring that any amount by which the net cost of a site exceeds £10,000 per acre shall be disregarded unless by reference to such area, including the whole or part of the site, as the Minister considers appropriate for assessing residential density,

- (i) the average number per acre of the dwellings in that area will not be less than 35; or
- (ii) the average number per acre of persons for whom sleeping accommodation will be available in dwellings in that area will not be less than 70.

96. The purpose of this limitation is to encourage the fullest practicable use of expensive land. The minimum density required to avoid the limitation can normally be achieved entirely with two and three-storey building.

97. The area by reference to which the residential density is to be calculated will normally be the acreage of the housing site calculated for yardstick and not subsidy purposes (see paragraph 10 of Appendix II to Circular 36/67). In exceptional cases, however, the Minister would consider taking an area larger or smaller than the yardstick site if it seemed reasonable to do so in the circumstances of the case.

**Application for
expensive site
subsidy**

98. An authority making application for expensive site subsidy should complete Part C(2) of form H.S.1 (see Section R below and the notes to H.S.1 (Appendix XII)). The approval for expensive site subsidy will be issued with the approval of the housing scheme for basic subsidy wherever possible. Any authority which wishes to know whether a site is likely to be approved for expensive site subsidy should consult the Department before entering into a binding commitment to purchase.

Apportionment

99. Where it is necessary to apportion the expensive site subsidy payable on a site (e.g. where the dwellings on the site are completed in more than one financial year) the apportionment referable to any particular dwelling or dwellings will be calculated as for basic subsidy (see paragraph 36 above).

**Section 11:
Advance on
account of expensive
site subsidies**

100. Section 11 enables authorities holding expensive housing land for a period before completion of development to receive part of the expensive site subsidy in advance of the development to assist in meeting the cost of interest on loans raised to purchase the land. The provision applies only:

- (a) where the land was acquired by a local authority under the Housing Acts, or was appropriated for the purposes of Part V of the Housing Act 1957, on or after 25th November 1965, and

- (b) it appears to the Minister that the land is likely to become a site or part of a site approved for the purposes of Section 10 (expensive site subsidy), and
- (c) if the net cost of that site as ascertained for the purposes of Section 10 would exceed £20,000 per acre.

101. For the purpose of determining whether land qualifies as having been acquired by a local authority on or after 25th November 1965, if the land was acquired by compulsory purchase order it shall be deemed to have been acquired at the date of the council's making of the order. If it was purchased by agreement, it shall be deemed to have been acquired at the date of the contract in pursuance of which it was acquired.

102. For any land fulfilling these conditions the Minister may make advances not exceeding for any financial year 90% of the expensive site subsidy which it is estimated may become payable in respect of the site or part of the site.

103. Recovery of the advances paid for any period preceding the completion of the dwellings on the site will normally be made from the expensive site subsidy which becomes payable in respect of the site from the year in which the dwellings are completed. The total amount of the advances will be recovered by equal instalments over the subsidy period of 60 years.

104. If the subsidy ceases to be payable for any reason, including the transfer of the site to another recipient authority, any amount of the advances which is still outstanding may be recovered by the Minister from the authority to whom the advances were paid, normally by deduction from housing subsidies due to the authority or otherwise.

105. If the expensive site subsidy does not become payable, or does not become payable within a reasonable time, the Minister may recover the amount of the advances from the authority by a similar method. Where advances have been in payment for more than five years, the authority will be asked to explain the delay in the development of the site. The continuation of the advances for a further period will then be considered by the Minister.

106. The condition restricting advances to cases where the net cost of the prospective housing site will exceed £20,000 per acre means that individual acquisitions will not be considered in isolation unless they will constitute the site of a complete building contract. In other cases the authority must provide evidence to show not only that the net cost of the land is over £20,000 per acre, but also that either:

- (i) the land is likely to form part of the site of a future building contract where the site has an estimated net cost of £20,000 or more per acre, or
- (ii) if it is not possible to determine what will be the site of a future building contract, the land, together with such other adjoining housing land (if any) belonging to the local authority as the Minister considers should be taken into account, would constitute an area of land having a net cost of £20,000 or more per acre.

Recovery of advances

Restriction to sites costing at least £20,000

Period for which advances will be paid

107. Provided that the authority's application is made in accordance with paragraph 110 below, advances will be paid for each financial year beginning with:

- (i) in the case of land acquired under Housing Act powers, the year in which the authority took possession of the land; and
- (ii) in the case of land appropriated to the Housing Revenue Account, the year in which the land was appropriated,

and ending with the financial year preceding that in which the dwellings are completed, as a result of whose completion the expensive site subsidy becomes payable. If the dwellings on a site approved for the purposes of Section 10 are completed in two or more financial years, consideration will be given to the payment of an advance for the financial year in which the first group of dwellings is completed.

108. The annual amount of the advances will be restricted to 90% of the expensive site subsidy which it is estimated will be payable in due course, related to the acreage of the land to which the advances apply. In estimating the expensive site subsidy, it will be necessary:

- (a) to make such reductions of the cost of the site as seem to be appropriate under paragraph 1 of Schedule 1 (buildings or works not providing housing accommodation), and
- (b) to have regard to likelihood of the expensive site subsidy being limited to 75% of the annual loan charges referable to the cost of the site in accordance with Section 10(2) (see paragraphs 93-94 above).

Density condition

109. If the cost of the site is required to be restricted to £10,000 per acre under Section 10(3) (see paragraphs 95-97 above), no advances on account of expensive site subsidy will be payable. Authorities should certify, when making application for approval of advances, that to the best of their belief one or other of the density conditions will be met.

Applications for approval of advances

110. Special application forms will be issued on request to authorities wishing to make application for payments of advances on account of expensive site subsidy. In the event of an application being received more than two years after the beginning of the financial year in which under Section 11 the payment of the advances could have commenced (see paragraph 107 above), payments will be made only from the date which precedes the date of application by two years.

Section H: Subsidies for certain dwellings in new towns

Section 16: Exchequer payments for dwellings in new towns.

111. Under Section 42(2) of the New Towns Act 1965 the Minister may pay Exchequer grant in addition to subsidy in respect of houses built by New Town Development Corporations. The payments are discretionary and are subject to no statutory limit. Hitherto grant has been fixed at a level of £12 per annum per house. This power is unaffected by the Act of 1967.

112. In respect of subsidised dwellings provided by the Commission for the New Towns additional grants up to the level of £12 per annum have been paid under Section 4(4) of the New Towns Act 1959 as amended by Section 10(2) of the Housing Act 1961. Section 16 of the Housing Subsidies Act 1967 repeats this provision.

113. It is intended in future to introduce a new system under which, in addition to basic subsidy, grants will be paid at varying levels according to the number of years for which a development corporation have been building houses in the town in question. The highest rate of grant will be payable for houses built in the early years of new town developments and the lowest rate for houses built in the last years. Older "new" towns will have relatively large stocks of existing housing over which to spread the costs of new house building. Under the new system grants will be payable to development corporations at an annual rate varying from £30 p.a. to £12 p.a., according to the number of years for which the corporation has been building; but grants to the Commission for the New Towns will not be more than £12 p.a. since a town transferred to the Commission will have been in existence for a considerable number of years and will normally possess a large housing stock. All these new annual grants will be for a period of 10 years.

Section 17: Recovery of contributions from sending authorities

114. Section 17 of the Act enables the Minister to recover £12 p.a. for 10 years from sending authorities where the allocation of new town houses relieves their housing obligations, as defined in Section 9(2) of the Act (see Section F). The sum recovered will be £12 irrespective of the level of grant paid to the development corporation.

115. The Minister intends to designate for the new towns broadly the same authorities as sending authorities as are designated for town development schemes (see Section F).

Section I: Subsidies for new freehold or leasehold dwellings acquired after completion or for leasehold land acquired for housing purposes

Sections 19 and 20

116. Section 20 enables the Minister to approve for subsidy new dwellings acquired by a recipient authority after completion, i.e. where the first tenants are those of the authority. Where the interest acquired is leasehold, and not freehold, Section 19 enables the Minister to pay subsidy on such sum as the Minister may determine to be the capital equivalent of any rent payable under the lease, together with any capital sum which is payable.

117. It will normally be more economic for an authority to provide its own specially designed dwellings rather than purchase those of a private developer. The Minister will therefore only be prepared to approve the acquisition of new dwellings where an authority can demonstrate that there is an urgent housing need which cannot otherwise be met.

Freehold dwellings: Application for subsidy

118. If an authority wishes to acquire new freehold dwellings with the assistance of subsidy, it should submit to the Department:

- (i) a reasoned case in support of the proposed purchase;
- (ii) Forms T.C.1, T.C.2 and H.S.1 completed as far as is relevant;
- (iii) detailed technical information of the plans of the dwellings, including any necessary adaptations;
- (iv) the District Valuer's report on the proposed acquisition, including the information listed in paragraph 120 below.

119. The completion of H.S.1 should be based on an analysis of the capital cost prepared in accordance with the following paragraphs.

120. The District Valuer should be asked to divide the cost of acquisition into:

(a) the proportion attributable to buildings and provisions not admissible for subsidy, such as garages;

(b) the proportion attributable to dwellings to be approved for subsidy

and to sub-divide (b) into the proportion attributable to (i) the cost of the land, and (ii) the cost of the works. The authority should add to (ii) the cost of any necessary adaptation and should reduce the resultant total by its own estimate of the value of any provisions associated with the dwellings, such as domestic equipment, which are not admissible for subsidy.

Formal approval

121. If the Minister is satisfied with the reasonableness of the capital cost, having regard to the standards of the dwellings, and the urgency of the need, the application may be approved for basic and any relevant supplementary subsidies, and any necessary loan sanction for and approval of a tender or estimate given for works of adaptation. The approved sum for basic subsidy will be based upon the information provided in accordance with paragraphs 118-120 above, but the Minister may reduce the total cost for subsidy purposes, if he considers it excessive, under the provisions of Section 3(5) (see paragraph 34 above).

122. The authority may then complete the arrangements for acquisition, and submit a claim for payment of subsidy in accordance with Section T below.

123. The Minister will not normally be prepared to approve for subsidy the acquisition of dwellings under leasehold arrangements. An authority who wish to acquire such dwellings should first consult the Department to find out whether approval is likely to be forthcoming. In no case however will the Minister agree to the acquisition of dwellings on leases of less than 60 years duration.

124. A recipient authority may wish to acquire land for housing purposes by the creation or transfer of a lease; or a right to use land as a site for dwellings without the acquisition of the land itself under arrangements involving periodical payments, e.g. when building over a cutting. Section 19 enables the Minister in such circumstances to take as the expenses incurred in connection with the acquisition such sum as he may determine to be the capital equivalent of the rent payable under the lease, or, as the case may be, of the periodical payments made under those arrangements, together with any capital sum that is payable.

125. Since the basic subsidy on the capital equivalent is payable for 60 years and is calculated on the basis of a loan repayable over that period, the Minister will not normally accept for subsidy purposes any lease or arrangements for a period of less than 60 years. Any authority proposing to acquire such a lease or interest should submit full details to the Department, together with a District Valuer's report, at the earliest possible opportunity. The capital equivalent determined by the Minister as the site cost for subsidy purposes will of course be reduced, if appropriate, under the rules governing the determination of site costs for subsidy given in Section R below and the notes to H.S.1 (see Appendix XII).

Leasehold dwellings

Interests in land other than freehold

Section J: Grant for hostels

Increased hostel grant

126. Section 15 of the Act increases the hostel grant payable under Section 15 of the Housing (Financial Provisions) Act 1958, as amended by Section 9 of the Housing Act 1961, to a maximum of £15 per bedroom for a period of up to 60 years, for hostels provided or converted after the commencement of the Act on 10th May 1967, if the scheme has been approved by the Minister under Section 15(1) of the Act of 1958.

Recipient authorities

127. The grant is payable for hostels provided or converted by a local authority or development corporation; or by a housing association or development corporation in pursuance of authorised arrangements with a local authority; or by a housing association under arrangements with the Minister.

Definition of hostels

128. A hostel is defined in Section 15(4) of the Housing (Financial Provisions) Act 1958, as amended by Section 9 of the Housing Act 1961. It is a building which provides for any group of people,

- (a) residential accommodation, other than separate or self-contained dwellings; and
- (b) board and lodging for residents who do some, if not all, of their own cooking.

129. Grant is also payable for an extension to a hostel, where the necessary communal facilities are already provided in the existing main building.

Type of hostel eligible for subsidy

130. The purpose of the grant is to assist with the provision of hostels for the kind of person for whom a local housing authority might reasonably be expected to provide housing, but whose needs are adequately met by hostel accommodation rather than by self-contained houses or flats. Hostel grant will therefore normally be available for:

- (i) hostels for elderly people;
- (ii) hostels for single people working away from home.

131. It should be noted however that not all buildings that fall within the definition of hostels given in paragraph 130 above will necessarily be eligible for grant. For example, a building which is more in the nature of a residential nursing home, or which is restricted to employees of a commercial undertaking or industry, would not normally be eligible for grant. No grant will be payable for lodging houses or other buildings where residence is normally for short periods only.

Standards

132. For hostels in new buildings, grant will normally be available only if they comply with the standards laid down in the Department's manual "Housing for Special Purposes" (published in 1951). These standards, which are modified as regards accommodation for the elderly by Circulars 18/57 and 55/57, have been drawn up with the object of ensuring that hostels provide accommodation

suitable for a permanent home. In particular, they will ensure that adequate provision is made with regard to:

- (a) wash basins and other recommended fittings;
- (b) cooking and boiling point facilities;
- (c) bathroom and toilet facilities;
- (d) communal rooms;
- (e) space heating.

The Minister will, however, consider on merits standards other than room sizes where a hostel is to be provided by converting an existing building and where some of the recommended standards cannot be fully achieved.

133. The grant is payable "having regard to the standards of construction and amenity of the building" (Section 15(1) (b) of the Act of 1958). Consequently, the grant for new buildings will be related to the cost and standards according to the following scale:

- (i) Maximum amount of annual grant payable per bedsitting room:—
 - of 140 sq. ft. or more £15
 - of 108 sq. ft. or more, but
 - less than 140 sq. ft. £12

- (ii) The grant will be reduced where the estimated capital cost per bedsitting room (including the cost of acquiring land and providing the building; or the cost of acquiring an existing property and of converting it) is less than £1,500, as follows:—

<i>Capital cost per room</i> (average of all bedrooms)	<i>Deduction per room</i> (grant-aided rooms only)
£1,000–£1,499	£3
Less than £1,000	£6

134. The grant will be payable for the following number of years:—

- (a) 60 years for a new hostel;
- (b) the estimated length of the life of the building (up to a maximum of 60 years) where the hostel is provided by the conversion of an existing building; but, where a new or converted hostel is provided under arrangements with a local authority or the Minister, the period of the grant will be for the duration of the arrangements if this is less than (a) or (b) respectively.

135. Any application for hostel grant (including an application for loan sanction if applicable) should contain the following information:

- (a) a statement of the purpose which the hostel will serve;
- (b) plans showing the hostel's bedrooms, staff rooms, communal rooms and other facilities;
- (c) estimates of the cost of the scheme, including land as well as buildings;
- (d) in the case of conversions, the estimated life of the building after conversion;

- (e) a copy of the appropriate formal resolution by the local authority or development corporation;
- (f) if the proposal is by a housing association :
 - (i) confirmation that the applicant is recognised by the council as coming within the definition of "housing association" in Section 189 of the Housing Act 1957; and
 - (ii) a copy of the draft agreement between the council and the housing association.

Section K : Abolition, reduction, discontinuance or transfer of subsidies

Sections 13 and 14

136. Section 13 of the Act provides for the abolition or reduction of subsidies or contributions under Part I of the Act in the general case. Section 14 provides for the reduction, suspension or discontinuance of subsidies for individual dwellings.

Section 13

137. Section 13 gives the Minister, in relation to subsidies and contributions payable under Part I of the Act, similar powers to those which were available under Section 2 of the Housing Act 1961. Very broadly, the Minister may make an order under this section, subject to affirmative resolution of the House of Commons, for the abolition or reduction of subsidies or contributions payable under Part I, or the period for which they are payable. For a period of ten years from the passing of the Act an order may only affect dwellings in respect of which tenders or estimates are approved on or after the date of laying of the order. After this period of ten years, however, an order may affect subsidies or contributions under Part I of the Act which are already in payment.

138. Subsection (3) (c) of Section 13 breaks new ground by enabling the Minister to make an order varying or revoking an earlier order as respects any original period of subsidy payment remaining after the new order comes into force.

Section 14

139. Section 14 brings together in a single code provisions in existing legislation, listed in Part I of Schedule 4, which concern the reduction, suspension, discontinuance and transference of subsidies and other payments to recipient authorities (including county councils) in individual cases. The sections of previous Acts listed in Part I of Schedule 4 are repealed without prejudice to powers exercised under those sections in relation to events occurring before the Housing Subsidies Act 1967 was enacted.

Definition of annual subsidy and subsidised unit

140. Subsection (2) defines an "annual subsidy" as any payment falling to be made by the Minister under any of the provisions specified in Schedule 2. These are all housing subsidies and not improvement grants. A "subsidised unit" is defined as a dwelling, hostel or other land in respect of which an annual subsidy is payable, whether it is payable for the subsidised unit; its site; the land which comprises the subsidised unit; or the cost of any dwellings or works or the acquisition of any land which forms part of the subsidised unit.

Circumstances in which annual subsidy may be reduced, suspended or discontinued

141. Subsections (3) and (5) give the Minister discretion to reduce the amount of an annual subsidy or to suspend or discontinue the payment of all or any part of it in the following circumstances;

- (a) where the Minister is satisfied that a local authority to which the annual subsidy is payable have defaulted in their duties under the Housing Acts;
- (b) where the Minister is satisfied that a housing association or development corporation which built or provided by conversion a subsidised unit under authorised or special arrangements have failed to comply with the terms of the agreement under which it was built or provided;

- (c) where the Minister is satisfied that the conditions attached to the payment of an annual subsidy have not been complied with;
- (d) the subsidised unit has been converted, demolished or destroyed;
- (e) the subsidised unit is not fit to be used, or is not being used, for the purpose for which it was intended;
- (f) the subsidised unit has been sold or has been leased for a term certain exceeding seven years;
- (g) the subsidised unit has been transferred, whether by sale or otherwise (except in the case where section 14 of the Town Development Act 1952 applies).

Subsidies payable to development corporations or housing associations in connexion with authorised arrangements

142. Where a development corporation or a housing association provide subsidised units in connexion with authorised arrangements with a local authority, the latter pay to the former a grant equivalent to an annual subsidy. Subsection (4) provides that if the subsidy is reduced, suspended or discontinued, then the local authority may make a corresponding adjustment to the grant.

Transfer of subsidy

143. Subsection (6) provides that where an annual subsidy payable to a recipient authority has been discontinued in whole or in part under the provisions described in paragraph 141 (f) or (g) above, then the Minister in effect may transfer the subsidy with the dwelling and may make an equivalent payment to the acquiring authority subject to compliance with such of the conditions under which the subsidy was previously payable as he considers appropriate.

Section L: Miscellaneous provisions of the Act

- Section 21** 144. Section 21 of the Act contains the interpretation provisions applicable to Part I.
- Section 22** 145. Section 22 brings into force the provisions of Schedule 3 of the Act, which makes consequential and other minor amendments to previous subsidy legislation. The attention of authorities is drawn in particular to paragraphs 10 and 12 of Schedule 3.
- Paragraph 10 of Schedule 3** 146. Paragraph 10 amends Section 4 (2) of the Housing Act 1961 by giving the Minister discretion to exclude for the purposes of that section from the amounts carried to the credit of the local authority's Housing Revenue Account any sums which have been so credited under Section 52 (2) of the Housing (Financial Provisions) Act 1958 by virtue of the closing of a Housing Equilisation Account.
- Paragraph 12 of Schedule 3** 147. Paragraph 12 ensures that all dwellings approved for subsidy under Part I of the Act (including dwellings qualified for subsidy for conversion or improvement under Section 12) are to be treated as private dwellings for certain rating and valuation purposes. (Paragraph 2 of Schedule 13 to the General Rate Act 1967 refers).
- Section 23** 148. Section 23 provides for the repeal of previous legislation consequential upon Part I of the Act.

Section M : Conditions of grant approved by the Treasury

149. Section 28 of the Housing (Financial Provisions) Act 1958 provides that payments to be made by the Minister to a local authority under the enactments specified therein shall be payable at such time and in such manner as the Treasury may direct and subject to such conditions as to records, certificates, audit or otherwise as the Minister may, with the approval of the Treasury, impose. Section 28 is extended to payments under Part I of the Housing Subsidies Act 1967 by paragraph 6 of Schedule 3 to that Act.

Time and manner of payment

150. With the approval of the Treasury, payments on account of Exchequer subsidies may be made periodically to local authorities and the balance will be paid after the claims of the local authorities have been examined by the District Auditor. Forms will be supplied for the purpose of claiming subsidies (see Section S below).

Records, certificates, etc.

151. The local authority shall permit the District Auditor, or other officer authorised by the Minister, to have access to and inspect the registers, records and certificates required by these conditions to be kept and, where necessary, accounts, plans, contracts and other relevant documents and vouchers.

152. The local authority shall keep separate registers as set out below of new dwellings provided with Exchequer assistance under Part I of the Housing Subsidies Act 1967, of expensive sites for which subsidies are payable under that Act, and of tenants coming into an authority's area under a scheme for the transfer of industry or of persons engaged in an industry or a town development scheme.

153. Separate parts of the registers shall be used for recording particulars of dwellings or sites provided by the authority, and those provided by a housing association or a development corporation under arrangements made with the authority under Section 120 or Section 125 of the Housing Act 1957.

Register of New Dwellings

154. In the Register of New Dwellings provided and approved for the purposes of Part I of the Housing Subsidies Act 1967 there shall be entered particulars of each new dwelling so provided, showing:

- (1) name of site and address or situation of dwelling;
- (2) reference to contract and plans;
- (3) reference to the Minister's approval of the dwelling for the purpose of the Act;
- (4) if the dwelling is qualified for the subsidy under Section 1 (3) (c) or (d) of the Act, reference to the register and to any entry in that register kept in accordance with Appendix V of Circular 55/61 (Housing Act 1961);
- (5) date of completion of the dwelling;
- (6) reference to certificate of completion by Surveyor or other authorised officer of the authority;

- (7) in relation to the aggregate cost subsidy under Section 2 of the Act, reference to the Minister's approval of the aggregate cost of the scheme comprising the dwellings;
- (8) the amount of the approved cost apportioned to the dwelling (state if provisional);
- (9) reference to the Minister's approval (if any) for subsidy under Sections 4, 6 or 7 of the Act (state Section);
- (10) the amount and period of any annual Exchequer subsidy payable under Sections 4, 6 or 7 of the Act (state Section);
- (11) reference to the Minister's approval of the dwelling or the scheme for the purpose of subsidy under Section 5 (1), Section 5 (2), Section 8 (1) (a) or Section 8 (1) (b) of the Act (state Section);
- (12) the amount and period of any annual Exchequer subsidy payable under Section 5 (1), Section 5 (2), Section 8 (1) (a) or Section 8 (1) (b) of the Act (state Section);
- (13) in relation to subsidy payable under Section 5 (2) or Section 8 (1) (a), cross-reference to an appropriate entry in the Register of Incoming Tenants (see paragraph 157 below);
- (14) if the site of a dwelling qualifies for expensive site subsidy under Section 10, cross-reference to the entry in the Register of Expensive Sites (see paragraph 155 below);
- (15) record of any transfer, sale or other disposal of the dwelling or of any cessation of subsidy;
- (16) if the dwelling is provided by a housing association or development corporation under arrangements with the authority, reference to the Minister's approval of those arrangements.

Register of Expensive Sites

155. In the Register of Expensive Sites approved under Section 10 of the Housing Subsidies Act 1967, there shall be entered particulars of each site or, where relevant, part of a site on which approved dwellings are completed in a financial year. The register shall show:

- (1) address or situation of the site;
- (2) acreage of the site and, where relevant, of the part of the site on which approved dwellings were completed during the financial year;
- (3) reference to plan of the site;
- (4) reference to the Minister's approval under Section 10;
- (5) amount and period of annual Exchequer subsidy approved for the whole site and, where relevant, the amount referable to the part of the site referred to at (2) (state if provisional);
- (6) cross-reference to the entry in the Register of New Dwellings (paragraph 154 above) relating to the last approved dwelling completed on the site or, where relevant, the part of the site;

- (7) if the site is qualified for the subsidy under Section 1 (3) (c) or (d) of the Act, cross-reference to any entry in the Register of Expensive Sites kept in accordance with Appendix V of Circular 55/61, (Housing Act 1961);
- (8) cross-reference to any entry in the Register of Expensive Site Subsidies paid in Advance (paragraph 156 below);
- (9) record of any transfer, sale or other disposal of the site or part of the site, and of any consequential cessation of subsidy;
- (10) if the site has been developed by a housing association or development corporation under arrangements with the local authority, reference to the Minister's approval of those arrangements.

Register of Expensive Site Subsidies paid in Advance

156. The Register of Expensive Site Subsidies paid in Advance shall be kept for the purpose of recording payment of advances on account of expensive site subsidy made by the Minister under Section 11 of the Housing Subsidies Act 1967, and shall show:

- (1) address or situation of the land;
- (2) acreage of the land;
- (3) reference to the plan of the land;
- (4) reference to the Minister's approval of the land for advance payment of the subsidy;
- (5) date of acquisition or appropriation of the land for housing purposes;
- (6) annual amount of advance on account of subsidy;
- (7) financial year in respect of which first and last payments were received;
- (8) cross-reference to the entry in the Register of Expensive Sites (paragraph 155 above);
- (9) repayments to the Minister other than through abatement of expensive site subsidy under Section 11 (2) (a) of the Act.

Register of Incoming Tenants

157. The Register of Incoming Tenants shall be kept where subsidies are payable under Section 5 (2) or Section 8 (1) (a) recording respectively, and separately, tenants who come from other areas under a scheme amounting to a substantial transfer of industry or of persons engaged in an industry, or tenants who come from other areas under a scheme of town development, which in the opinion of the Minister is on a substantial scale, for the purpose of providing a cross reference for the new dwellings qualifying for the special subsidies which are recorded in the Register of New Dwellings (paragraph 152 above). Where a Register of Incoming Tenants has been maintained, in accordance with paragraph 9 of Appendix V to Circular 55/61, the register now prescribed may be regarded as a continuation of the earlier register.

The register shall contain the following details:

- (1) name of incoming tenant;
- (2) last permanent address of tenant;
- (3) name of local authority from whose area the tenant has come;
- (4) address of local authority dwelling of which tenancy is granted;
- (5) date of taking up tenancy;
- (6) whether the special subsidy is payable under Section 5 (2) or Section 8 (1) (a).

Amendment of Registers of dwellings provided under the Housing Act 1961

158. Where any dwellings qualify for subsidies under the Housing Subsidies Act 1967 by virtue of Section 1 (3) (c) or (d), and those dwellings have already been entered in one of the registers of dwellings provided under the Housing Act 1961, in accordance with Appendix V to Circular 55/61, the relevant entries in those registers shall be deleted and noted with a reference to the entry of the same dwellings in the register opened in accordance with paragraph 154 above. Any cross-reference to the Register of Incoming Tenants shall be transferred to the new Register of New Dwellings provided.

159. Where any site or part of a site qualifies for expensive site subsidy under the Act of 1967 by virtue of Section 1 (3) (c) or (d), any entry in the Register of Expensive Sites maintained in accordance with Circular 55/61 (Housing Act 1961) shall be deleted in the case of a site wholly covered by Section 1 (3) (c) or (d) or appropriately amended in the case of a site partly covered by the said section. The 1961 Act register shall be noted with a reference to the entry taken to the register opened in accordance with paragraph 155 above.

Certificates of Completion, etc.

160. The certificates required by the foregoing conditions shall be in the following terms:

“HOUSING SUBSIDIES ACT 1967

CERTIFICATE OF COMPLETION OF DWELLINGS

This is to certify that each of the dwellings described in the Schedule below was completed fit for occupation before the date set opposite the description of the dwelling in that Schedule;

And that the dwellings have been constructed in a proper and workmanlike manner and in compliance with the requirements as to size, material, type of construction, etc., approved by the Minister;

And that the dwellings are of entirely new construction and of a type for which a loan period of not less than sixty years is allowed by the Minister or which has been specially approved by the Minister.

SCHEDULE

Address or description of dwelling	Date	Reference number for register
------------------------------------	------	-------------------------------

Given under my hand

this day of 19

Signed.....(Authorised Officer) (state designation)

of the.....Council”.

NOTE:

In relation to a new dwelling which is acquired by the local authority after its completion but before it is occupied, its completion shall be construed as referring to its acquisition by the authority (Section 20 of the Act).

161. The dwellings to which these conditions relate shall be open to inspection, if required, by a duly authorised officer of the Department.

Part 3: Procedures

Section N : Site selection and acquisition

Suitability of site for housing purposes

162. The responsibility for deciding upon the suitability of a site for housing purposes is a matter for the local authority, and the Department's prior approval is not required. A Certificate A, setting out certain essential requirements for a housing site must however be submitted to the Department in every case (see Appendix IV).

Application for loan consent

163. Where loan consent for the purchase of land is required, the authority should submit:

- (i) Form L.S. (A).
- (ii) Certificate A.
- (iii) The District Valuer's report and associated plan.
- (iv) Confirmation that outline planning permission has been obtained in respect of land use and maximum permitted net density.

164. Where an authority proposes to use land which it already owns, Certificate A must be submitted not later than the layout stage (see Section O below), together with confirmation that outline planning permission has been obtained. The District Valuer's report should also be forwarded unless it has previously been sent to the Department.

165. The Minister may require further information justifying the acquisition of land which he considers to be unusually costly having regard to land prices in the area. If the Minister decides not to give loan consent, he will not approve a housing scheme on that land for subsidy under the Act. Similarly the Minister may decline to approve for subsidy a housing scheme on land appropriated from another account where the cost of the land likely to be determined for subsidy is unusually high.

166. If an authority is uncertain whether the Minister is likely to approve for subsidy a housing scheme which they intend to carry out on appropriated land, they should consult the Department as early as possible, and in any case not later than the submission of Certificate A.

167. The basis on which the cost of a site will be determined for the purposes of basic and expensive site subsidies is explained in Section R below and the notes to H.S.1.

Section O: Cost yardstick

The cost yardstick

168. The principles on which the yardstick for erection costs are based were explained in detail in Circular 36/67. A yardstick does not relate to a house of a given shape, construction or specification. It represents instead the upper limit of expenditure on erection which it is reasonable to incur to meet a given housing requirement on a building site, having regard to the standards to which the housing is built, the density of the development and the average size of the families accommodated. It should be noted that all items covered by the erection cost yardstick are admissible for subsidy (See Appendix III of the Circular and paragraphs 59 and 60 of the notes to H.S.1.)

Housing schemes submitted at erection tender stage before 1st July 1967

169. All housing schemes submitted by local authorities at erection tender stage for the Minister's approval before 1st July 1967, are not subject to the yardstick.

Housing schemes submitted at erection tender stage on or after 1st July 1967

170. All housing schemes submitted by local authorities at erection tender stage for the Minister's approval on or after 1st July 1967 will be subject to yardstick control. The procedural arrangements for such schemes are slightly different according to whether they were the subject of layout submission to the Department before or after 1st July 1967.

Housing schemes submitted at layout stage on or after 1st July 1967

171. The procedure for housing schemes submitted to the Department at layout stage on or after 1st July 1967 for yardstick approval will be as follows.

172. Where a sketch design for a housing scheme has been completed, after any necessary informal consultation with the Department that may seem necessary to avoid abortive work, the authority should submit to the Department, at the same time as detailed planning permission is sought from the local planning authority, the following information for the purpose of yardstick approval, and also for the approval of a car accommodation yardstick if appropriate:

- (i) Form H.C.Y.1. (in triplicate).
- (ii) A site plan to a scale of not less than 1/1250 related to the area which will be the subject of the tender or estimate for erection, showing the location and the boundary of the land proposed for housing use.
- (iii) A layout plan to a scale of not less than 1/500, related to the erection tender and showing the boundary of the land used for dwellings, delineated and measured in accordance with the definition of "site area" given in paragraph 10 of Appendix II to Circular 36/67, and
 - (a) the area of the site;
 - (b) widths of roads, carriageways and footpaths;
 - (c) arrangement and heights of dwelling blocks;
 - (d) sites of non-housing uses, including churches, community halls, public houses and shops, off-street hard-standings and garages, public open space and schools; and
 - (e) play spaces, contours, trees and other natural features;

- (iv) An indication of the actual or intended manner of development of the adjoining land so far as this is known.
- (v) A statement of the purpose for which the dwellings are to be provided.
- (vi) Certificate A if not previously submitted.
- (vii) A statement of when the authority expect to invite tenders.

173. The authority should at the same time submit the following plans, for information only, if the housing scheme is to be carried out under the direction of a Registered Architect responsible to the authority, or if not, for the approval of the Department;

- (i) Block plans for each block type, showing public circulation space, lifts and staircases;
- (ii) Dwelling plans of each type to not less than 1/8th inch scale.

Unsubsidised dwellings

174. A submission should be made at layout stage as described in paragraphs 172 and 173 above where the authority are applying for loan sanction only and not for subsidy (e.g. houses built for sale).

New Standards

175. The yardstick tables set out in Circular 36/67 are based on Parker Morris standards as defined in Appendix I of that circular. None of these standards will become mandatory until 1st January 1969, but housing schemes submitted for loan sanction for erection costs and for subsidy approval on or after that date in accordance with the procedure laid down in paragraph 193 will have to comply with the new mandatory standards. In these circumstances the Minister advises all authorities to incorporate the new mandatory standards for space, heating and, where appropriate, a second W.C., in all new plans or designs prepared from now onwards so that they may be sure that, when the scheme concerned becomes the subject of an application for loan sanction and subsidy approval, it will comply with the mandatory standards which will be operating at that time.

Special reduced yardstick for lower standards

176. The Minister recognises however that some authorities may need to continue with schemes which are already well advanced but which are below the new standards. In such cases, the authority will be required to provide with H.C.Y.1., in addition to the information listed in paragraph 172 and, where appropriate, paragraph 173, full details of the extent to which the proposed dwellings fall below the new standards, so that a reduced yardstick appropriate to these lower standards may be determined by the Department.

Higher yardstick for exceptional factors

177. An authority may wish to make an application for a higher yardstick for a housing scheme than might otherwise be approved, whether the scheme is designed to the new standards or to lower standards, because of such factors as abnormal physical site conditions; the need to take account of special architectural or town planning requirements due to the setting; precautions against subsidence (see Section E above); or the use of special materials (see Section E above). If so, the authority will be required to submit with H.C.Y.1. a written statement giving all relevant information in support of a higher yardstick.

District heating

178. If an authority wishes to provide for district heating in a housing scheme, it should notify the Department at layout stage and, before tenders are invited, submit a report as required by paragraph 15 of Appendix XIII. The proposals for district heating will only be approved if it can be shown that the additional capital cost will result in a significantly lower "cost-in-use", (i.e. the total of running costs and loan charges) than other forms of heating.

Old people's dwellings

179. Authorities who propose to provide dwellings intended for old people are reminded that they should take account of the advice contained in the Department's circulars and publications on this subject. An appropriate increase will be made in the yardstick for additional features provided in pursuance of the Department's recommended standards for old people's dwellings (see paragraph 18 of Appendix II to Circular 36/67). Redefined standards for old people's flatlets and self-contained dwellings will be issued later.

Approval of yardstick

180. Immediately the Department has concluded its examination of the scheme, it will issue a letter approving the yardstick figure submitted by the authority, or an alternative yardstick figure. In the latter case, the reason for approving a different yardstick will be given. A yardstick for car accommodation, if appropriate, will be agreed at the same time. The yardstick approval letter will also state whether the proposed timing of the invitation of tenders is acceptable for programme purposes.

Revised yardstick figure

181. If during the subsequent work on the scheme, and before tenders are invited, it becomes necessary to make any changes affecting the factors on which the yardstick is based—density, average household size and number of car spaces or levels of standards—the Department must be informed at once so that a new yardstick may be approved.

Transitional arrangements for housing schemes due for submission for approval at tender stage on or after 1st July 1967

182. As explained in paragraph 24 of Circular 36/67, where a scheme is in course of preparation and is due to be submitted at tender stage on or after 1st July 1967, but has not yet been put out to tender, then:

- (i) if the scheme includes standards higher than those in Appendix I to Circular 36/67 or other items on a scale which is likely to bring the cost of the scheme above the yardstick limit described in paragraph 15 of that Circular, the authority must review the scheme to see whether it can be brought within the yardstick. If that is not practicable, the authority should apply to the Department for a special ad hoc yardstick and should supply any information listed in paragraph 172 and, if appropriate paragraph 173, above, which has not already been submitted;
- (ii) if the scheme does not incorporate all the standards in Appendix I to the Circular, details should be submitted to the Department so that a reduced yardstick may be approved before tenders are invited.

Section P : Site development works

Application for approval of site development works

183. An application for the approval of a tender or detailed estimate for site preparation works and/or roads and sewers will not normally be required until after the layout has been agreed but exceptionally both submissions may be made simultaneously. The council's application should be accompanied by:—

- (i) Form L.S.(A).
- (ii) The tender or detailed estimate with a priced copy of the bills of quantities.
- (iii) A plan suitably coloured to identify the work included in the tender or estimate.
- (iv) An indication of any special features which account for abnormal figures in the tender or estimate, together with sufficient information to enable these figures to be examined.
- (v) A statement supported by plans where necessary, giving details of the method proposed for dealing with both surface water and foul sewage.
- (vi) Where any site development works are properly chargeable to services other than housing, a statement showing the apportionment chargeable elsewhere e.g. to highways for renewal of adopted streets or for the extra costs over normal estate roads; or to public health for renewal of sewers or the extra cost of trunk sewers designed to serve an area wider than the authority's housing estates.

Approval of tender estimate

184. If the Department approves a tender or direct labour estimate, the necessary loan consent will be issued. If approval is given on the basis of a preliminary estimate, the authority may proceed to invite tenders, and to accept the lowest received without further reference to the Department, provided that the tender price does not exceed the agreed estimate by more than 10%. If an authority wishes to accept a tender other than the lowest, or if the lowest tender exceeds the agreed estimate by more than 10%, then the prior approval of the Department must be obtained.

185. An authority which proposes to carry out site development works concurrently with the erection of dwellings should secure the agreement of the Department to an estimate before tenders are invited.

186. The basis on which the cost of site preparation works and of roads and sewers will be determined for the purpose of basic subsidy is explained in Section R below and the notes to H.S.1.

Section Q: Tender acceptance and subsidy approval

Acceptance of erection tender for housing scheme submitted at layout stage on or after 1st July 1967

187. When the Department has notified the authority of the yardstick for a scheme submitted at layout stage on or after 1st July 1967, which is to be carried out under the direction of a Registered Architect responsible to the local authority, and also has agreed to the timing of the invitation of tenders, the scheme may be worked out in detail and tenders invited. If the scheme includes non-housing items on a substantial scale, however, the authority should give a reasonably detailed estimate of the cost to the Department before tenders are invited, to ensure that these costs are broadly acceptable (see paragraph 3 of Appendix III to Circular 36/67).

188. The lowest tender may then be accepted, provided that the erection cost at tender stage, including any associated erection works provided for outside the main tender, does not exceed the approved yardstick by more than 10%. An exception may be made in the case of a scheme involving district heating—see paragraph 16 of Appendix XIII. If an authority wish to accept a tender other than the lowest, the Minister's prior consent must be obtained.

189. If the cost at tender stage exceeds the approved yardstick by more than 10%, the authority should review the scheme with a view to bringing down the cost within the 10% tolerance. The Department will not be prepared to approve the erection cost for loan sanction, or to approve the housing scheme for subsidy, unless and until the cost has been brought within the 10% tolerance.

Schemes not supervised by Registered Architects

190. When a scheme is not being carried out under the direction of a Registered Architect responsible to the authority, plans must be submitted to the Department for approval at all stages. The authority will be informed when they may invite tenders. Once tenders have been obtained, the procedures set out in paragraphs 187–189 above will apply.

Notification of tender acceptance

191. Immediately the erection tender has been accepted, the authority must submit to the Department in duplicate form T.A. (Hsg.) (see Appendix IX), giving brief details of the accepted tender.

192. In certain circumstances, such as a need for closer control of the capital investment programme, or of the load on the construction industry, it may be necessary for the Department to ask local authorities to seek its consent before accepting a tender which is otherwise acceptable on cost grounds.

Application for loan sanction for erection tender and subsidy approval for housing scheme

193. As soon as possible, and in any event within one month of the acceptance of the tender for erection, the authority should submit:

- (i) Form T.C.1.
- (ii) Form T.C.2. in triplicate.
- (iii) Form L.S.(A) for erection and associated costs, if appropriate.
- (iv) Form H.S.1. in duplicate.

Tender and subsidy approval

194. As explained in paragraphs 15 and 16 of Circular 36/67, loan consent for the cost of erection, up to a maximum figure not exceeding the approved yardstick figure by 10% plus any excess agreed for district heating will then be issued. Loan consent will also be given if necessary for the cost of garages, car parking or hardstandings, where the cost falls within the approved yardstick figure for car accommodation. Where the cost of garages etc. exceeds the approved limit, loan consent will be issued for the excess only insofar as this can be included in the cost of the scheme without exceeding the 10% tolerance on the approved housing yardstick. An authority may also apply for loan consent for any non-housing items which they may wish to include within the scheme.

195. The housing scheme and the amount of the admissible costs will be approved for subsidy under the Housing Subsidies Act 1967 as soon as possible after the examination of H.S.1 has been completed by the Department. Subsidy will be payable on the erection tender costs admissible for subsidy or on the approved yardstick, whichever is the lower, together with the admissible costs of site development works and the site. Supplementary subsidy applications included with the main application will be approved at the same time or as soon as possible thereafter. Guidance on completion of form H.S.1 is given in Section R and the notes to H.S.1.

Transitional arrangements

196. When the Department has given informal approval to a scheme at layout stage before 1st July 1967, and tenders are received after that date (see paragraph 182 above) the procedures described in paragraphs 187–191 will apply if:

- (i) the authority have obtained the Department's prior approval to a special ad hoc yardstick; or
- (ii) the scheme complies exactly with the standards in Appendix I to Circular 36/67 and the tender price is within the limits set out in paragraphs 15 and 16 of that Circular, in which case prior approval of a yardstick will not have been necessary.

197. If an authority have not obtained the Department's approval to a yardstick for a transitional scheme, unless it falls within paragraph 196(ii) above, they must seek the Department's approval before accepting a tender. Such an application must be accompanied by all of the documents listed in paragraph 193. Item 6 in H.S.1 should of course be left blank as the yardstick for the scheme will not have been approved. The Department will then calculate the yardstick appropriate to the standards of the scheme. If the tender price falls within the tolerance described in paragraph 188 above, the scheme will normally be approved for subsidy and any necessary loan consent will be issued, on the basis described in paragraphs 194 and 195 above, and the authority may proceed to accept the recommended tender.

198. The Minister proposes to apply the provisions of Section 3(4) of the Act (which concerns exceptional unforeseeable conditions underground—see paragraph 35 above) as follows:—

- (i) if the actual cost of the work exceeds by more than 5% the original approved cost of erection and site development works solely on account of exceptional

conditions subsisting underground which could not have been reasonably foreseen at the time when the estimate was made, then any part of such additional cost which is above 5% of the approved cost of erection and site development works may be added to the original approved costs;

- (ii) if the actual cost of the works is more than 5% below the original approved cost of erection and site development works, due to the fact that conditions underground were less difficult than expected, then any part of such reduced cost which is more than 5% below the original approved cost of erection and site development works may be deducted from the approved cost.

199. The authority should inform the Department as soon as it appears that a possible increase or reduction falling within paragraph 198(i) or (ii) above respectively is likely to occur.

200. When the actual costs are available, the authority should submit a revised H.S.1 to the Department, together with full supporting details. A revised approved cost for the dwellings on the erection tender site will then be issued to the authority.

201. A certificate will be required on all claims for payment of basic subsidy to the effect that no savings of the order described in paragraph 198(ii) above have occurred, or that all such savings have been notified to the Department.

202. The procedures described in this Section will apply as appropriate to unsubsidised dwellings for which an authority requires loan consent (see paragraph 174 above).

Unsubsidised dwellings

Section R : Completion of form H.S.1

203. This section of the Manual gives a brief explanation of the completion of H.S.1, which is the application form for basic, high flat and expensive site subsidies. Detailed guidance on the completion of the form is given in the notes to H.S.1 (see Appendix XII).

204. The form is divided into the following parts:

Part A deals with the cost of erection of approved dwellings.

Part B deals with the cost of the associated site development works.

Part C(1) deals with the cost of the site.

Part C(2) deals with expensive site subsidy.

Part D is a summary section.

Part E is a formal subsidy application for certification by the appropriate officer.

Basis of calculation of subsidy

205. The basic subsidy is payable on the total approved cost of providing a dwelling; that is, the costs of land, site development works and erection, together with relevant fees and salaries. In practice the basic subsidy will be calculated not by reference to the cost of providing a single dwelling, but by reference to the cost of all the dwellings included in a single tender for their erection. Similarly, where a large housing scheme is carried out in separate stages by a succession of erection tenders, the subsidy will relate to each separate erection tender.

Subsidy site

206. As basic subsidy is payable on the cost of land and site development works, as well as on the cost of erection, it will of course be necessary to define the acreage of land which can be properly attributed to each erection tender. For subsidy purposes, therefore, the "subsidy site" will be the whole of the land required for a housing scheme which is the subject of a single tender for erection, including:

- (i) land for roads, footpaths and other internal accessways, and also, irrespective of ownership, half the width of any streets bounding the site up to a maximum of 20 feet; and
- (ii) incidental open space, such as children's play areas and open space to meet the reasonable requirements of the housing estate.

The site should exclude:

- (i) any land which has been, or is to be, sold, leased or appropriated for other than housing purposes, such as a school or public open space; and
- (ii) any land containing buildings existing on the site when it was acquired or appropriated for housing purposes, where the buildings are to be retained in use for any purpose.

207. It should be noted that the acreage of the subsidy site may sometimes differ from the acreage as measured for yardstick purposes (see paragraph 172(iii) above), as the measurements serve different purposes. For example, the yardstick site will exclude any land unfit for building. The subsidy site, however, may include such land, and the cost will be admissible for subsidy if the land had to be acquired with the other land needed for the scheme. Furthermore, the yardstick site acreage will exclude any new premises such as shops which are not incorporated in a block of dwellings. For convenience, however, the subsidy site acreage will include the land on which such new shops are to be built, although of course a deduction must be made from the overall cost of the site and site development works on account of such buildings because they are not admissible for subsidy (see paragraphs 211 and 213 below).

Form H.S.1.

208. Not all the costs involved in a housing scheme qualify for subsidy (e.g. the cost of garages and shops), and these costs have to be identified and deducted from the gross cost of erection. Corresponding deductions have to be made from the costs of the land and site development works. In essence, H.S.1 shows step by step the calculations which have to be made to arrive at the net costs which are admissible for subsidy. The detailed notes to H.S.1 explain how each item in the form is to be filled in. Many of the notes deal with rather exceptional cases for which special provision has been made.

Part A: Erection cost

209. Part A of the form enables a comparison to be made between the approved yardstick and the erection tender or estimate. As the erection tender will often include items which are not admissible for subsidy, these have to be deducted so as to arrive at the net "housing" cost which can be compared with the yardstick figure. The cost of inadmissible items should be taken from the priced bills or estimate. If certain items are not separately priced the cost should be apportioned on whatever seems to be the most reasonable basis. Basic subsidy is payable on whichever is the lower of the admissible tender figure or the approved yardstick.

Part B: Site development works cost

210. Part B enables the inadmissible items in a tender or estimate for site development works to be deducted from the gross cost. In this case, of course, there is no cost yardstick, but the gross cost will normally have already been approved at an earlier stage when the tender or estimate was submitted with an application for loan sanction. As with erection costs, the cost of inadmissible items should be taken from the priced bills or estimates or apportioned on the most reasonable basis where separate costs are not available.

211. Site development works may sometimes form part of a contract for a larger area of land than the "subsidy site" as defined above. These works may also serve buildings which are not admissible for subsidy. Part B provides for these factors to be taken into account in calculating the net cost of site development works admissible for subsidy, in accordance with the rules set out in the notes to H.S.1.

Part C(1): Site cost

212. Part C(1) enables the admissible cost of the site to be calculated. Where the site has been acquired by a local authority under Housing Act powers, by a housing association, by the Commission for the New Towns or by a

development corporation, the cost of a site admissible for subsidy will normally be the actual cost of acquisition. Where, however, the land was acquired under other than housing powers, and was appropriated for housing purposes, different rules apply (see paragraph 66 of the notes to H.S.1).

213. In certain circumstances, however, the cost of a site must be adjusted in order to arrive at the net cost admissible for subsidy. These are when the subsidy site:

- (i) contained or contains land which has been or is to be sold, leased or appropriated for other than housing purposes;
- (ii) contains existing buildings which are to be retained in use for any purpose;
- (iii) forms part of a larger acquisition or appropriation;
- (iv) contains or will contain new buildings or works such as garages or shops which are not admissible for subsidy;
- (v) was the subject of a previous specific grant or compensation payment.

Provision is made in Part C(1) of H.S.1 for these factors to be taken into account in calculating the net site cost admissible for subsidy, in accordance with the rules set out in the notes to H.S.1.

214. The determination of the site cost in some cases may present difficulty, especially in exceptional cases of acquisition or appropriation. In any such case the Department should be consulted as soon as possible so that an agreed basis for determining the admissible site cost may be agreed in advance.

Part C(2)

215. Part C(2) of H.S.1 is to be completed where an application is made for expensive site subsidy. In the normal case, the acreage and cost of the site will be the same for both the basic and expensive site subsidies. Minor exceptions to this general rule are explained in the notes to H.S.1.

216. Authorities are reminded that there may be a limitation of subsidy imposed where the combined basic and expensive site subsidies exceed 75% of the loan charges on the land, or where the site is not developed to a specified minimum density (see Section G above).

Part D

217. Part D is a summary section for registering the total admissible aggregate cost of a housing scheme, and the average admissible cost for each approved dwelling.

Part E

218. Part E is the formal application for basic subsidy, and where relevant high flat and expensive site subsidies. It also provides for certification by the appropriate officer that the form has been completed in accordance with the notes to H.S.1, or on such other basis as may exceptionally have been agreed. The Minister may of course review the basis of assessment of costs submitted for subsidy purposes in any particular case.

Provisional approval

219. If for any reason an authority does not find it possible to complete Parts B and/or C as well as Part A of H.S.1 within one month of the date of the acceptance of an erection tender, as required by paragraph 193 above, the Minister will be prepared to approve the scheme on the basis of a completed Part A only, with Part B or Part C completed where possible. A further H.S.1 with the remaining Parts completed should be submitted as soon as possible thereafter so that the final cost approval may be issued.

220. It may also sometimes be the case that the site cost (Part C(1)) cannot be finally determined until some time after the erection tender is accepted. In such a case the estimated site cost should be given so that a provisional approval may be issued subject to appropriate adjustment of the approved cost when the final site costs are available. The Department should be informed without delay when the actual costs are known.

Tenders or estimates approved before 1st July 1967

221. Completed copies of H.S.1 should be submitted as soon as possible for all dwellings in tenders or estimates which have received Ministerial approval for subsidy under the Housing Subsidies Act 1967, in the order in which the tenders or estimates were originally submitted. Since the yardstick arrangements do not apply generally to housing schemes submitted for approval before 1st July 1967, no reduction of erection costs will be made for subsidy purposes on the yardstick basis. Item 6 of Part A therefore should not be completed. It will of course be necessary to exclude inadmissible items from the total cost of the scheme.

Section S: Claims for subsidy payment

Subsidy Claims

222. In due course, when an authority submits a claim for payment of basic subsidy on the aggregate approved cost of the approved dwellings completed in any one financial year, they will be required to list in their claim form the approved costs which have been notified to them by the Department on dwellings completed in the year, together with the appropriate Departmental references. The basic subsidy payable in respect of that financial year will then be calculated by multiplying the total aggregate approved cost by the appropriate interest factor for the year. Claims for any relevant supplementary subsidies should where possible be made at the same time.

223. In accordance with normal practice half-yearly payments on account of subsidies due under the Act will be made on the authorities' subsidy payment dates, subject to the submission of audited claims for each financial year.

224. For the period up to and including 1967/68 special interim claim forms (A.G.640B) have been issued with Circular 29/67 (Welsh Office Circular 24/67). Separate claims (A.G.640A) are required for dwellings which qualify for the backdating of new subsidies by virtue of Section 1(3)(c) or (d), and these have been issued with a circular letter dated 31st March 1967 to the authorities concerned. Forms for the submission of final audited claims for 1965/66 and 1966/67 in respect of the principal subsidies payable under the Act will be issued in the course of the next few months to authorities from whom interim claims have been received.

225. Copies of subsidy claim forms may be obtained from the Ministry of Housing and Local Government, (A.G.D.2.), Tolworth Tower, Surbiton, Surrey, or from the Welsh Office, as appropriate.

Section T : Additional loan sanction applications

Excess expenditure

226. If excess expenditure is incurred in connection with a housing scheme, an authority should submit form L.S.(B) and Certificate C as regards any necessary additional loan sanction that may be needed.

Excess expenditure on superstructure costs

227. It should be noted however that the Minister will expect the authority to ensure that a scheme does not cost significantly more than the estimated cost at erection tender stage as a result of variations made to the superstructure after the tender has been accepted. The Minister may not be willing to agree to a supplementary loan sanction over a sixty-year period for the final cost of a scheme insofar as it exceeds the approved yardstick by more than 10%, and that excess is due to such variations made to the superstructure. A ten year period will normally be given.

Consent to apply unexpended loans to alternative housing purposes

228. Any application for consent to apply unexpended balances of housing loans for alternative housing purposes should be made on form L.S.(C).

Application for Loan Sanction for

- (i) the purchase of land or buildings
- (ii) site preparation works
- (iii) erection of dwellings
- (iv) other housing purposes

Local Authority M/H & L.G. Ref.
Address Local Authority Ref.
.....

The Minister of Housing and Local Government,

1. I am directed by my Council to apply for loan consent in accordance with the following particulars:

- (a) the Council do require all loans in respect of the scheme on terms of repayment do not over an equated period of 60 years;
- (b) the name of the site/address of the property is:.....
.....
- (c) it consists of.....acres of land‡ (purchase of land cases only);
to be purchased‡ Part V‡
- (d) it is held by my Council for the purposes of Part III of the Housing Act 1957;
- (e) the amount to be borrowed is:
 - (i) £..... repayable over years for land (including buildings to be demolished)
 - (ii) £..... repayable over years for buildings (acquisition)*
 - (iii) £..... repayable over years for roads
 - (iv) £..... repayable over years for sewers
 - (v) £..... repayable over years for dwellings (state number) and if flats give number of storeys.....
 - (vi) £..... repayable over years for garages/car spaces
 - (vii) £..... repayable over years for (state other purposes)§

2. In support of this application the following are submitted in accordance with the Housing Subsidies Manual:
 - (a) a copy of the Council's resolution authorising the application: and specifying which tender will be accepted‡;
 - (b) a certificate by a qualified technical adviser in the form set out in:
 - (i) Certificate A in the Housing Subsidies Manual;
 - (ii) Certificate B in the Housing Subsidies Manual;
 - (c) the report of the District Valuer, with identifying map‡;
 - (d) a statement that planning permission has been obtained for:
 - (i) the use of the land for residential purposes;
 - (ii) for the layout‡;
 - (e) an application for approval of tender for‡
or
a detailed direct labour estimate of the cost of } the site preparation works;
 - (f) three copies of Form T.C.2 (white, blue and yellow)
 - (g) a certificate on Form B.L.1 in the case of block loan consents for advances under the Small Dwellings Acquisition Acts or Section 4 of the Housing Act 1949, or on Form B.L.2 in the case of improvement grant block loan consents.

Date..... Signed

Town Clerk‡

Clerk of the Council.

Delete as necessary.

In the case of grants or loans under Section 119 of the Housing Act 1957, the name of the Housing Association should be given at 1(e)(vii) overleaf.

When houses or other buildings are acquired and improved or converted, the resultant number of dwellings should be stated at 1(e)(vii).

Where there are buildings on land which is to be acquired, the District Valuer should be asked to apportion his valuation between land and buildings. The loan repayment period for the buildings should be no longer than the District Valuer's estimate of their life.

FOR OFFICIAL USE

This application has been examined and the issue of loan consent is recommended.

Signature

Date

Division/Region

Tel. No.Ext.....

Application for Loan Sanction for Excess Expenditure

Local Authority M/H & L.G. Ref.
 Address Local Authority Ref.

The Minister of Housing and Local Government,

1. I am directed by my Council to apply for loan consent and to submit the following documents in support of the application:
- (a) a copy of the Council's resolution authorising the application for loan consent for the totals shown on the reverse of this form;
 - (b) a certificate signed by the Clerk of the Authority as set out in Certificate C in the Housing Subsidies Manual;
 - (c) a short note of explanation, giving reasons for the expenditure exceeding the original loan consent

Date..... Signed
Town Clerk‡

Clerk of the Council

NOTE: Composite applications may be submitted, but it will facilitate consideration if the number of sites is limited to 10.

‡ Delete as necessary

FOR OFFICIAL USE

This application has been examined and the issue of loan consent is recommended

Signature

Date

Division/Region

Tel. No.....Ext.

£

No. of dwellings

Purpose	Ministry's Refce.	Original Approval of Tender or Yardstick			Original Loan Consent and any previous Supplementary Loan Consents			Final cost of work or purchase See Note (c)	Date Work completed Month and Year	Present Application			
		Date of Letter	Amount	App'vd yardstick amount plus 10%	Amount See Note (a)	Professional Fees and other expenses included in 6 See Note (b)	Date			Period	Amount of excess expenditure See Note (b)	Extra cost of professional fees and other expenses See Note (b)	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14
Land													
Roads													
Sewers													
Dwellings											See note (d)		
Garages											See Note (e)		
..... (state other purpose)													
TOTAL £													

NOTES:

- (a) If part of a composite loan consent state £..... (part of £.....).
- (b) Professional fees or other charges should be apportioned, as necessary, between various items.
- (c) In the case of dwellings this should be subdivided into (1) items admissible for subsidy purposes and (2) items not admissible (see notes to Form H.S.1).
- (d) Excess over column 5.
- (e) Excess over column 4.

Application for consent to apply unexpended balances of Housing Loans to alternative Housing Purposes

Local Authority M/H & L.G. Ref.
Address Local Authority Ref.
.....

The Minister of Housing and Local Government,

1. I am directed by my Council to apply for consent under section 10(1) (b) of the Local Government (Financial Provisions) Act 1963 to the application of the unexpended moneys borrowed under loan consents issued for housing purposes as indicated on the reverse of this form.
2. The following documents are attached in support of this application:—
 - (a) a copy of the Council's resolution authorising the application;
 - (b) a statement that the expenditure to be met by the application of the unexpended moneys is properly incurred for the purposes of (state statutory purpose).

Date..... Signed

Town Clerk ‡

Clerk of the Council

NOTES

1. Where this application is submitted in conjunction with Form L.S.(B) and the unexpended balances shown overleaf are to be set against the excess expenditure detailed in that form, columns 7-9 overleaf need not be completed; instead, a summary should be forwarded showing the manner in which the unexpended balances are to be applied towards meeting the excess expenditure.
2. Consent is not required to the application of unexpended balances where these are used in the manner provided for in section 10(1)(a) of the Act of 1963
3. If the balance arises on a composite loan consent, the entry in column 2 overleaf should read "£..... (part of £.....)".

‡ Delete as necessary

FOR OFFICIAL USE

Confirmed that, but for these proposals, the expenditure in column 8 would have been recommended for loan consent and that the appropriate loan repayment period would have been years.

Signature

Date

Division/Region

Tel. No.....Ext.

<i>Loan Consent on which balance arises</i>							<i>Proposals for the application of the Balance</i>		
<i>Site</i>	<i>Amount see Note 3 overleaf</i>	<i>Date</i>	<i>Purpose</i>	<i>Period</i>	<i>Amount of Balance</i>	<i>Site</i>	<i>Amount</i>	<i>Purpose</i>	
1	2	3	4	5	6	7	8	9	

Certificate A

Name of site

Map reference

Area

I hereby certify that in the selection of the site the relevant circulars and other instructions of the Ministry of Housing and Local Government have been complied with, and that the site complies in all respects with the conditions and requirements set out below.

Date..... Signed

Professional or technical qualifications.....

CONDITIONS AND REQUIREMENTS

1. An adequate piped supply of wholesome water, at suitable pressure, will be available, or will be capable of being made available.
2. Either*
 - (a) a main sewerage and sewage disposal system, adequate in all respects, will be available to receive the foul drainage from the site;

or
 - (b) a main sewerage and sewage disposal system to serve the neighbourhood of the site will be in course of preparation and be likely to be in operation contemporaneously with the site development;

or
 - (c) provision will be able to be made for dealing in a satisfactory manner with the disposal of sewage from the site. In such case, due regard will have been given to the recommendations in the relevant technical Appendix of the Housing Manual and to the disposal of effluent.
3. Adequate means for disposal of surface water will be available either to an existing system of surface water sewers; to water courses; or, in suitable cases, to soakaways.
4. Main services of gas and/or electricity will be available for light, heat and power.
5. The site will not be liable to flooding or subsidence.
6. The nature of the subsoil of the site will have been ascertained and its suitability confirmed in relation to the materials and constructional work proposed.

* Delete inappropriate alternatives

Certificate B(1)

(To be completed in the case of all schemes carried out under the direction of a Registered Architect responsible to the local authority).

Local Authority

Site.....No. of dwellings

M/H & L.G. Ref:

Local Authority Ref:

I hereby certify that the dwellings to be built on the above mentioned site:—

- (a) conform in all respects with the standards set out in Appendix I to Circular 36/67;
or‡
(b) fall below those standards in the following respects and to the degree stated.

<i>Standard</i>	<i>Type of dwelling</i>	<i>No. of dwellings</i>	<i>Details of shortfall</i>
Floor space			
Second W.C. and wash basin			
Space heating			
Kitchen fittings			
Electric sockets			

- (c) are to be constructed in accordance with the relevant Departmental circulars and bulletins, and that where solid fuel appliances are incorporated these will be selected from the current list of Approved Domestic Solid Fuel Appliances issued jointly by the Coal Utilisation Council and the Solid Smokeless Fuels Federation and installed in accordance with British Standard Code of Practice CP403 or CP403.101 and the methods recommended by the Coal Utilisation Council;
- (d) are not inconsistent in any respect with the provisions of the Building Regulations; and that the materials and form of construction are of a type appropriate to a building which is to have a life of 60 years or more;
- (e) will have plumbing systems installed in accordance with the water byelaws in force in the district and with the relevant Departmental instructions relating to the protection of pipes and fittings against frost damage.

Date.....

Signature

Registered Architect

‡ Delete as necessary

Certificate B(2)

(To be completed in the case of all schemes NOT carried out under the direction of a Registered Architect responsible to the local authority).

Local Authority

Site No. of dwellings

M/H & L.G. Ref:

Local Authority Ref:.....

I hereby certify that the dwellings to be built on the above mentioned site:—

(a) do not depart from the details approved by the Department in their letters

dated..... ref

(b) are to be constructed in accordance with the relevant Departmental circulars and bulletins, and that where solid fuel appliances are incorporated these will be selected from the current list of Approved Domestic Solid Fuel Appliances issued jointly by the Coal Utilisation Council and the Solid Smokeless Fuels Federation and installed in accordance with British Standard Code of Practice CP403 or CP403.101 and the methods recommended by the Coal Utilisation Council;

(c) are not inconsistent in any respect with the provisions of the Building Regulations; and that the materials and form of construction are of a type appropriate to a building which is to have a life of 60 years or more;

(d) will have plumbing systems installed in accordance with the water byelaws in force in the district and with the relevant Departmental instructions relating to the protection of pipes and fittings against frost damage.

Date Signature

Professional or technical qualifications.....

Certificate C

I hereby certify that the excess expenditure cited in the accompanying application for additional loan sanction has arisen legitimately and has not been included in any previous sanction; that I am satisfied that it is legally payable by my Council under the contract(s), and that it has not been due in whole or in part to any variation in principle of the scheme(s) covered by the approved estimate(s) or tender(s).

I also certify that any amounts included in respect of salaries and wages may properly be met from loan moneys having regard to paragraph B of Circular No. 47/50.

I further certify that any additional costs relating to the acquisition of land are legally payable by my Council, and there has been no departure from the terms of acquisition as given in the District Valuer's report.

Town Clerk‡

Clerk of the Council

NOTE: Where the works have been carried out by a direct labour organisation delete "under the contract(s)" in line 4.

‡ Delete as necessary

Housing: Layout Stage Cost Proposals *(Please submit in triplicate)*

Housing Authority

(Space for Ministry use)

Site

Notes. All references are to Circular 36/67.

*Items 12 and 14, where applicable, will be determined by the Ministry.

PART A Scheme Data

- 1 Site area for Yardstick purposes (Appendix II, para. 10).....acres. 2 Number of dwellings.....
- 3 Persons (Appendix II, para. 10): (a) Total number..... (b) Average number per dwelling(3a÷2).....
- 4 Car-spaces qualifying to be counted (Appendix II, para. 16): (a) Total number.....
(b) Average number per acre (4a÷1)
- 5 Density (persons per acre): (a) 3a÷1..... (b) Where 4b is 30 or more, Equivalent Higher Density
(Appendix II, para. 16).....
- 6 Proposed Standards (a) All dwellings will incorporate all the standards defined in Appendix I, appropriate to each type. } Delete (a) or (b)
(b) Proposed shortfall in any of the above standards is detailed in Part F
- 7 Exceptional Costs (para. 9) (a) No claim is made for a higher (ad hoc) yardstick } Delete (a) or (b)
(b) Full details are attached of the facts and conditions for which it is considered an ad hoc allowance should be granted.

PART B Dwelling Costs (to nearest £)

	a Super-structure £	b Sub-structure £	c External works £	t Totals £
8 (a) Cost per person as Cost table (Appendix II, para. 11) appropriate to 3b and 5a or 5b as applicable.				
(b) Multiply by total number of persons (3a)			=	
9 Yardstick additions for dwellings designed for OLD PEOPLE (as Part E)				
10 Regional Variation (Appendix II, para. 19)		Add.....%		
11 Normal Limit for Subsidy			£	
*12 Reduction for proposed Lower Standards adjusted for Regional Variation				
13 Reduced Limit for Subsidy (Item 11 minus Item 12)			£	
*14 Exceptional Costs relating to dwellings (para. 9), adjusted for Regional Variation, qualifying for an ad hoc addition to the Yardstick, and for subsidy due to: (a) special overall design relative to setting (b) use of special materials (c) special foundations and/or external works.				
15 Exceptional Limit for Subsidy (Item 11 or 13), plus Item 14)			£	

PART C Car Accommodation Costs (Appendix II, para. 17)

16 Yardstick costs including Regional Variation (as Part G) not qualifying for subsidy (para. 15) but qualifying for loan sanction (para. 16) Limit for Loan Sanction				£
--	--	--	--	---

PART D Tolerance (paras. 15 and 16)

17 Tolerance limit, qualifying for loan sanction but not for subsidy. 10% of Item 11, 13 or 15 as applicable				£
18 Higher standards etc. which it is proposed to provide within the tolerance limit, including any extra allowances for car accommodation costs <i>(for information only)</i> Description				Estimated Cost £
Total				£

PART E Dwellings designed for OLD PEOPLE (Appendix II, para. 18) Yardstick Additions

With communal facilities and Warden's supervision

(a) as sub-para. 18 (a), with shared bathroom etc.

.....No. one person dwellings at £175

.....No. two person dwellings at £200

(b) as sub-para. 18 (b), self-contained to Parker Morris Space standards

.....No. one person dwellings at £450

.....No. two person dwellings at £575

Without communal facilities or Warden's supervision

(c) as sub-para. 18 (c), self-contained to Parker Morris Space standards, etc.

.....No. one person dwellings at £75

.....No. two person dwellings at £100

Total £

PART F Details of any proposed standards lower than those defined in Appendix I
(see paras. 5, 6 and 7 regarding mandatory minimum standards)

per dwelling

DWELLING TYPES			No. of Dwellings	Space including Storage Shortfall sq. ft.	Second W.C. & washbasin (where applicable) Enter ✓ if omitted	Washbasin only in 2nd W.C. Enter ✓ if omitted	Kitchen Fitments Shortfall sq. ft.	Electric Socket Outlets Shortfall No.	Space Heating *
Storeys	Persons	B.H.F. M.OPF.							

* Insert * where there is a shortfall and attach details.

PART G Car Accommodation. Yardstick Costs. (Appendix II, para. 17)

para. 17 reference

number of cars

yardstick cost

£

Regional Variation Add.....%

Total £

PART H Other works which it is proposed to include in the Building Contract and for which separate approval will be obtained before acceptance of the tender (para. 19) (for information only)

(a) Site Development Costs, qualifying for subsidy (para. 10)

Description

(b) Works qualifying for loan sanction but not for subsidy (Appendix III, para. 3) e.g. District Heating

Description

PART J Housing Authority's submission

(space for Ministry use)

Covering letter dated..... Ref.

Signature

Official Status

This form should be submitted in duplicate to the relevant Regional Office immediately after tender is accepted

Notification of Acceptance of Tender for Erection of Dwellings

Ministry of Housing and Local Government
Form T.A.(Hsg.)

Local Authority/Development Corporation/Housing Association.....

County..... Economic Planning Region.....

The Council/Corporation resolved on (date) to accept a tender/direct labour estimate for the erection of dwellings in the scheme of which details are given below, and for which a cost yardstick was agreed under M.H.L.G. reference..... on (date).....

Signature.....
Duly Authorised Officer

*Scheme No.	Name of site	Direct Labour YES/NO
-------------	--------------	-------------------------

If the scheme is wholly or partly industrialised (within the description in Circular 76/65) please state name of system:

Purpose	Number of dwellings		Total	For official use only
	Traditional	Industrialised		
For letting (other than town development)				
For town development				
For other purposes				
Total				

* To be used subsequently on forms T.C.2, H.S.1 and P.2 (Hsg.)

Erection of Dwellings—Application for Subsidy and Loan Sanction Approval

Local Authority

Site..... No. of dwellings.....

M/H & L.G. Ref.

Local Authority Ref:

In support of my Council's application for subsidy under section 2 of the Housing Subsidies Act 1967 on the aggregate cost of the above-mentioned dwellings and for loan sanction for the erection of these dwellings I submit the following forms:—

1. (a) T.C.2 (three copies—white, blue and yellow)
- (b) H.S.1 (2 copies)
 - Part A (This part must be completed)
 - Part B (Completed/to follow)
 - Part C (Completed/to follow)
- (c) L.S.(A)
- (d) Certificate B(1) or B(2) (Delete whichever does not apply)
2. I also apply for supplementary subsidy in respect of some or all of the dwellings:—
 - (a) Section 4—High flats (the appropriate section of Form H.S.1 must be completed)
 - (b) Section 5 (2)—Transfer of industry (state number of dwellings provisionally proposed as part of the transfer of industry scheme.....)
 - (c) Section 6—Subsidence (Form H.S.2 enclosed/to follow)
 - (d) Section 7—Special materials (Form H.S.3 enclosed/to follow)
 - (e) Section 8—Town development (state number of dwellings provisionally proposed as part of the town development scheme.....)
 - (f) Section 10—Expensive Site (Form H.S.1 Part C(2) completed/to follow)
(Delete whichever of sub-paragraphs (a)–(f) does not apply)
3. I also confirm that:—
 - (a) the land is vested in the Council for the purposes of Part V of the Housing Act 1957;
 - (b) planning permission has been obtained for layout, design and external appearance of the buildings;
 - (c) the tender accepted is the lowest received; (if not give date and reference of Department's clearance);
 - (d) the Council authorised acceptance of the tender on
 - (e) the yardstick approved by the Department is still applicable, i.e. no changes have been made which would affect the Department's calculation.

Date..... Signature.....

Duly authorised officer

Housing Proposals (Please submit this Form in triplicate, i.e. the white, blue and yellow sheets). **Form T.C.2**

*Local Authority:
 *New Town:
 Site: (Add particulars if situated in another local authority's area)

IMPORTANT: If Firm Price tender, state the final date for acceptance.....

(Space for Ministry use)

Scheme category: **L*** (Note 1) The Notes are attached Scheme No.....
T to each pad of Forms. (To be used on
 *Delete inappropriate words or symbol Form P2 (Hsg.))

PART A General particulars

TENDER

- 1. Type (Note 2): *CO/CS/N/PD
- 2. Date:
- 3. No. of tenders received:
- 4. Is proposed tender the lowest?: *YES/NO
- 5. Are priced BQ (for buildings) attached? (Note 3): *YES/NO
- 6. Contractor (name):

CONTRACT

- 7. Form of contract (Note 4): *A/B/C
- 8. Fluctuations clauses (Note 4): *S/LO/MO/FP

DESIGN

- 9. Architect for layout (Note 5): *HA/P/CA
- 10. Architect for buildings (Note 5): *HA/P/CA
- 11. Quantity surveyor (Note 5): *HA/P

*Delete inappropriate symbols

PART B Particulars of dwellings and costs (Note 6)

DWELLING TYPES

- 12. Authority's type symbol
- 13. B, H, F, M or OPF (Note 7)
- 14. Height of block in storeys (Note 8)
- 15. No. of bedrooms per dwelling (Note 9)
- 16. No. of persons per dwelling (Note 10)
- 17. Area per dwelling in sq. ft. (Note 11)
- 18. Average ditto. where appropriate (Note 11)

COSTS AS TENDER (Note 12)

- 19. Superstructure per dwelling
- 20. Substructure per dwelling
- 21. External works per dwelling
- 22. Total (Items 19 + 20 + 21) per dwelling

	£	£	£	£	£	£

(If additional columns are required, continue Items 12 to 24 on another Form, completing Items 25 to 29 and the whole of Parts C, D and E on the last Form)

- 23. No. of dwellings of each type
- 24. Total cost of all dwellings (22 x 23) £

GRAND TOTALS
 = Dw.
 =

- 25. Shops (State number.....) £
- 26. Garages (a) With or incorporated in dwellings (State number.....) £
 (b) Grouped in separate structures (State number.....) £
- 27. Other works (Describe)..... £
- £
- 28. **TENDER**

- 29. (Where applicable) The following are included in superstructure costs (Item 19):—
 No..... Cookers at a total cost of £.....
 No..... Refrigerators at a total cost of £.....

PART C Density and cost per person (Note 10)

DENSITY

- 30. Total number of persons housed (Aggregate of 16 x 23)P
- 31. Avge. No. of persons per dwelling (30 ÷ Grand total of 23)P/Dw.
- 32. Site area in acres (Note 13).....Acres
- 33. Density in persons per acre (30 ÷ 32)P/Acre
- 34. No. of cars accommodated (Note 14)Cars

‡ Insert appropriate Yardstick figures for Category T (Note 1) schemes only.

COSTS OF ALL DWELLINGS

- 35. Superstructures Aggregate of 19 x 23 £
- 36. Substructures (Aggregate of 20 x 23) =
- 37. External works (Aggregate of 21 x 23) =
- 38. **TOTAL** (= Grand total of 24)

Avge. cost per person
 As HOUSING COST
YARDSTICK ‡
 (Circ. 40/63)

(Continued on reverse side)

PART D System building, i.e. building by industrialised methods, prefabrication, etc.
(Where applicable)

- 39. Name of system and of originating firm (if different)
- 40. Brief description of main principles of system
- 41. Main elements (e.g. walls, floors, staircases, plumbing, etc. indicating briefly whether finishes are included) produced by:—
 - (a) System building methods.....
 - (b) Traditional or conventional methods
- 42. Number of dwellings embodying system building, identifying types as entered in PART B.

PART E Standards

- 43. (Where applicable) The improved standards recommended by HOMES FOR TODAY AND TOMORROW are incorporated in this scheme in respect of:—
 - * (a) Floor space (including general storage).....
 - * (b) Washbasin and second W.C. where appropriate
 - * (c) Space heating..... *Please state numbers and*
 - * (d) Kitchen fittings
 - * (e) Electric socket outlets
 - * (f) Bedroom cupboards

**Complete appropriate items*

- 44. (In all cases) The main space heating installations provided in the dwellings in this scheme are as follows:—

No. of dwellings	B, H, F, M, or OPF (Note 7)	Heating installation (Describe briefly, e.g. central heating, open fire, open fire with radiators, openable stove, closed stove, underfloor, impelled air, block storage, panel, skirting, etc.)	‡Fuel	Tenant controlled? (YES or NO)

‡ Please enter SF (Solid fuel), SSF (Smokeless solid fuel), G (Gas), E (Electricity) or O (Oil) as appropriate.

PART F (For use in Ministry)

Revised Notes for the guidance of Housing Authorities on the completion of Form T.C.2.

(These notes replace the existing notes on the inside cover of each pad of Forms T.C.2.)

GENERAL EXPLANATION

As from 1st July 1967 this form is required mainly for statistical purposes and every effort should be made to ensure accuracy and prompt submission.

The Quantity Surveyor for a scheme should be acquainted with the requirements of Form T.C.2 before he prepares his Bills, so that he may arrange them in a form from which the required information can be readily abstracted.

All private architects appointed by authorities should also be informed of the requirements of Forms T.C.1 and T.C.2, Circular 36/67 and the Housing Subsidies Manual.

GENERAL NOTES

Scheme Particulars

As from 1st July 1967 authorities need no longer state the scheme category or the final date for acceptance of the tender.

Part A—Tender

Item 1—Type

In the case of a continuation contract the symbol /CTN should be added after the other symbol or symbols.

Item 2—Date

Please give two dates: (a) the date of the tender; (b) the date on which it was accepted.

Part B—Costs as tender

Items 19–24

The figures to be inserted here are those in respect of admissible items only. (See Appendix III to Circular 36/67).

Item 27—Other Works

See note 12 below.

Item 29

This information is no longer required separately but should be included in Item 27.

Part C

Item 32—Site area in acres

See definition at note 13 below.

Costs of all dwellings

Items 35–38

As stated above, the figures to be inserted here are those in respect of admissible items only.

The housing cost yardstick figures to be inserted against these items are those approved by the Department and notified to the authority following the submission of Form H.C.Y.1.

Part D—System building

Items 40 and 41

This information is no longer required.

Part E—Standards

Item 43

Information on standards is still required but the standards on which the scheme is to be judged are now those defined in Appendix I to Circular 36/67.

Item 44

If the scheme includes district heating this should be stated. (Also see note 14 below).

DETAILED NOTES

Note 1

This information is no longer required.

Note 2

Competitive (open)	= CO	
„ (selected)	= CS	Combine the symbols if appropriate and add /CTN if continuation contract.
Negotiated	= N	
Package deal	= PD	

Note 3

Where the Department considers it desirable priced bills of quantities will be called for.

Note 4

(i) Form of contract:—

Direct Labour	.. .. .	= A
R.I.B.A. adapted for the use of housing authorities either where quantities form part of the contract or do not	.. .. .	= B
Other (e.g. authority's own form)	.. .. .	= C

(ii) Fluctuations clauses embodied in the contract:—

With the standard clauses of the form of contract in full	.. .. .	= S
With fluctuations clauses for labour only	.. .. .	= LO
With fluctuations for materials only	.. .. .	= MO
No fluctuations clauses (i.e. firm price)	.. .. .	= FP

Note 5

Housing authority's own	= HA	Combine the symbols if appropriate
Private (acting for authority)	= P	
Contractor's architect	= CA	

Note 6

Keep separate the dwellings in blocks of different heights, i.e. having different numbers of storeys.

Use a separate column for each type of dwelling.

In blocks containing various dwelling types (e.g. multi-storey) give the individual particulars of each type separately (see also NOTE 11 for Items 17 and 18) but if the separate costs are not known, do not apportion but give the average costs per dwelling for the block as a whole. See completed specimen Form at the front of this pad.

If necessary continue on an extra copy of the Form as indicated on the Form.

The figures to be inserted at Items 19–24 are those in respect of admissible items only. (See Appendix III to Circular 36/67).

Note 7

Bungalow = B; House = H; Flat = F; Maisonette = M
Where these are being provided for old people the suffix /OP should be added for schemes without warden services and /OPW for schemes with warden services.
Old peoples' flatlets without warden services = OPF.
Old peoples' flatlets with warden services = OPFW.

Note 8

This entry should be the total number of storeys in the building containing the dwellings. This is not necessarily the number of storeys qualifying for subsidy. (See Section C of the Housing Subsidies Manual).

Note 9

Bed-sitting rooms should be identified by the letters BSR.

Note 10

On this Form, "Persons" means "designed bed-spaces" in all cases.

Note 11

The area required is that defined in Note 3 of Appendix I to Circular 36/67.

Item 17

This Item applies to all schemes and the area of each type and size of dwelling should be given. Average areas should not be entered against this Item (see Item 18).

Item 18

In blocks containing dwellings of different types and sizes, where the separate costs are not definitely ascertainable (see NOTE 6), enter here the average area per dwelling for the block as a whole in addition to the separate areas of the various types and sizes entered in Item 17. (See completed specimen Form at the front of this pad).

Note 12

All costs should be stated to the nearest complete pound.

The costs in each column are to include the apportioned costs of any outbuildings (except garages) required for the private use of the tenants (e.g. perambulator stores).

Any Preliminaries, Insurances etc. forming part of the tender are to be included in all the Items of cost (including those inadmissible for subsidy) shown on the Form, apportioned thereto in direct proportion to the costs of the Items. (Sums for contingencies are not admissible for subsidy and should therefore be excluded).

Superstructures (Item 19)

Are to include costs of all works above ground floor slab or equivalent,* together with all engineering installations except only such costs as are appropriate to Items 25 and 26.

Substructures (Item 20)

Are to include the costs of ground floor slab or equivalent* (but not of the finishings thereto) and of all works below it, except such costs as are appropriate to Items 25 and 26.

External Works (Item 21)

Are the costs of the site works and external services customarily executed under a building contract, as referred to more fully in paragraph 1 of Appendix III to Circular 36/67. Any roads and sewers in the tender should be included in Item 27.

Shops (Item 25)

Where these are incorporated in blocks of dwellings and the cost is not readily obtainable from the Bills of Quantities, a reasonably close assessment should be made.

Garages (Item 26)

Where these are incorporated in blocks of dwellings and the cost is not readily obtainable from the Bills of Quantities, a reasonably close assessment should be made.

Other Works (Item 27)

Are those other than covered by Items 19 to 26 but which are included in the tender, such as community centres or other extraneous buildings, large-scale demolitions, roads and sewers, district heating mains and boiler houses and any inadmissible items in the dwellings, including the apportionment of Preliminaries etc.

Note 13**Site Definition**

This is the area of the site for cost yardstick purposes as defined in paragraph 10 of Appendix II to Circular 36/67.

Note 14

- (i) Give particulars of the main heating installation for each type of dwelling in the scheme. This will normally be the one providing the primary source of heat for the living room. Do not include subsidiary appliances intended for occasional summer use, for "topping up" or for rooms not served by the main system.
- (ii) Tenant control: enter "no" only where the tenant has no control over the level of heat provided in the individual dwelling.

* Where there are basements, substitute "basement floor slab or equivalent".

APPENDIX XII

This form should be completed in accordance with Notes to H.S.1. It should be submitted in duplicate with the relevant T.C.2 (Housing Proposals)

Application for Subsidy Approvals

HOUSING SUBSIDIES ACT 1967—Sections 2, 3, 4 and 10

Local Authority/Development Corporation

Housing Association (where relevant)

Site (to which T.C.2 relates)

Scheme No..... Acreage of subsidy site.....

FOR OFFICIAL USE ONLY

Serial No.....

L.A. Code

E.P.R. Code.....

Date of Scheme

Summary of dwellings in tender:—

Dwellings in tender	Up to 3 storeys	4 storeys	5 storeys	6 storeys or more	Total
Qualifying for subsidy					
Not qualifying for subsidy					
Total (all dwellings)					

PART A Statement of Cost of Erection of Dwellings

1. Total cost of tender (Item 28 of T.C.2)	£
2. Deduct cost of any items included in Item 1 which are inadmissible for subsidy (see paragraph 61 of Notes)	£
3. Net amount	£
4. Add any other erection costs not included in Item 1 which are admissible for subsidy, including any costs transferred from Item 11 below.....	£
(Ministry reference and date of approval.....)	
5. Total amount	£
6. Relevant yardstick figure	£
7. Amount for subsidy (lower of amounts at Items 5 and 6)	£
8. Add estimated fees and salaries referable to works to which costs at Item 7 relate	£
9. TOTAL ERECTION COSTS QUALIFYING FOR SUBSIDY	£
10. Give best practicable estimate of cost of erection of all buildings or works which do not qualify for subsidy (see paragraph 17 of Notes) whether included in the present tender or in a separate tender or estimate.	Estimated Cost £
Details:	
.....	
.....	
.....	
.....	
.....	
.....	

PART B Statement of Cost of Site Development Works (Roads, Sewers, etc.) referable to Subsidy Site

11. Amount of approved tender or direct labour estimate for site development works, with separate particulars if site works carried out under two or more contracts	£
(Ministry reference and date of approval.....)	
12. Deduct cost of any items included in Item 11 which are inadmissible for subsidy and any costs transferred to Item 4 above	£
13. Net amount	£
14. Where works at Item 11 relate to a larger area than the subsidy site deduct on acreage basis proportion of net amount at Item 13	£
(State area of larger site to which works relate.....acres)	
15. Net amount referable to subsidy site	£
16. Add cost of any other site works referable to the subsidy site, including any site development works in the erection tender, which qualify for subsidy	£
(Ministry reference and date of approval.....)	
17. Total	£
18. Add estimated fees and salaries referable to site works to which costs at Item 17 relate	£
19. Total amount.....	£
20. Where the subsidy site includes or will include new buildings or works which are inadmissible for subsidy (see Item 10), deduct appropriate proportion of total amount at Item 19.....	£
21. TOTAL SITE DEVELOPMENT COSTS QUALIFYING FOR SUBSIDY	£

PART C (I) Statement of Cost or Value of Subsidy Site

22. Actual/estimated cost of acquisition	£
(State year of acquisition.....)	
[and/or]	
23. Value of site (where appropriate).....	£
(Acreage of land as acquired and/or appropriated if different from subsidy site.....)	
24. Total	£
25. Deduct any inadmissible costs.....	£
26. Net amount	£
27. Where subsidy site forms part only of area as acquired and/or appropriated for housing purposes to which above particulars relate, deduct appropriate proportion of net amount at Item 26 in respect of land outside the subsidy site	£
(If expensive site subsidy is claimed under any previous Act for any of the land outside the site, give Ministry reference and date of approval (if any)	
28. Net amount	£
29. Where subsidy site includes or will include new buildings or works which are inadmissible for subsidy (see Item 10), deduct appropriate proportion of net amount at Item 28.....	£
30. COST OF SITE QUALIFYING FOR SUBSIDY	£

PART C (2) Additional Statement where Expensive Site Subsidy is claimed

31. The subsidy site IS/IS NOT subject to limitation of subsidy under section 10 (3) by reason of the residential density of the proposed development.
32. Where the cost of acquisition or, where appropriated, the value of the site shown at Item 22 or 23 above, took into account any roads, sewers or similar works which existed on the site at date of acquisition or appropriation and which will serve the purpose of the housing scheme then, for the purposes of section 10 (5), state the value of the works. £
33. The cost of the site HAS/HAS NOT been included in another claim for expensive site subsidy under any Act.
(If so, Ministry reference and date of approval.....)
34. Advances of expensive site subsidy under section 11 HAVE/HAVE NOT been made in respect of the whole or part of the site.
(If so, Ministry reference and date of approval.....)

PART D Summary for purposes of Section 2 (Aggregate Cost Subsidy)

	£	FOR OFFICIAL USE ONLY Costs as approved
Total erection costs qualifying for subsidy (<i>Item 9</i>)	£	£
Total site development costs qualifying for subsidy (<i>Item 21</i>)	£	£
Cost of site qualifying for subsidy (<i>Item 30</i>) ESTIMATED/ACTUAL	£	£
TOTAL ADMISSIBLE AGGREGATE COST	£	£
AVERAGE ADMISSIBLE COST FOR EACH APPROVED DWELLING ...	£	£

PART E Application and Certificate by Clerk or Chief Financial Officer

I APPLY on behalf of the Local Authority/Development Corporation/Housing Association for:

- (i) approval of the qualifying dwellings for the purposes of Part I of the Housing Subsidies Act 1967 and of the costs summarised above for the purpose of basic (aggregate cost) subsidy under sections 2 and 3;
- (ii) approval of additional subsidy under section 4 for the flats in blocks of four or more storeys enumerated at the head of form H.S.1; and
- (iii) approval of the subsidy site, where relevant, for the purposes of section 10 (expensive site subsidy).

I CERTIFY that the statements and particulars given in this form, including any apportionments which have been made, are to the best of my knowledge and belief correct, and that the costs claimed as qualifying for subsidy are in respect only of admissible works and expenses as defined in the notes to form H.S.1 or as otherwise agreed with the Minister.

Date.....

Signed.....
Town Clerk/Clerk/Chief Financial Officer/Secretary

(see over)

FOR COMPLETION BY AUTHORITY

The following documents are enclosed in support of this application (see paragraph 52 of Notes):

(tick where relevant)

1. District Valuer's report and, where relevant, plan on—

(a) cost of acquisition or value of site.

(if already submitted, give date of submission and Department's reference.....)

(b) value of any buildings on site when acquired or appropriated if to be retained in use.

(c) value of roads and sewers existing on site when acquired or appropriated if expensive site subsidy is applied for.

(d) sale price, lease, value of land appropriated where part of site sold, leased or appropriated.

2. Certified statement by Chief Financial Officer on site acquisition cost.

3. Sectional drawing of blocks of four or more storeys.

4. Site plan if expensive site subsidy is applied for.

Notes to Form H.S.1

1. Form H.S.1 is the application form for basic, high flat and expensive site subsidies under the Housing Subsidies Act 1967. The form is to be completed in accordance with the following notes. The Minister may however review the basis of assessment of costs claimed for subsidy in any particular case.

Subsidy site

2. Usually the approved cost for the purposes of basic subsidy will be calculated not by reference to the cost of providing a single approved dwelling, but by reference to the total cost of a housing scheme which is the subject of a single tender or estimate for erection.

3. Not only the cost of the erection of approved dwellings will be admissible for subsidy, but also the land costs and the cost of site development works.

4. The acreage of the subsidy site should be calculated in every case, and inserted in the space at the head of the form, as it will often be necessary to know the acreage for subsidy calculation purposes.

5. The site acreage comprises the whole of the land required for a housing scheme which is the subject of a single tender for erection, including:

- (i) land for roads, footpaths and other internal accessways, and also, irrespective of ownership, half the width of any street bounding the site, up to a maximum of 20 feet; and
- (ii) incidental open space, such as children's play areas, and open space to meet the reasonable requirements of the housing estate.

6. The site should exclude:

- (i) any land which has been or is to be sold, leased or appropriated for other than housing purposes, such as a school or public open space; and
- (ii) any land containing buildings existing on the site when acquired or appropriated for housing purposes where the buildings are to be retained in use for any purpose.

7. The acreage of the subsidy site will not always correspond with the acreage calculated for yardstick purposes (see *Appendix II* to Circular 36/67), as the calculation of these acreages serves different purposes, e.g. the subsidy site may include land unfit for building.

High Flats

8. The analysis of dwellings at the head of the form by numbers of storeys in a building should accord with the principles set out in Section C of the Housing Subsidies Manual. Sectional drawings must be submitted if application is made for subsidy under Section 4 of the Act.

Admissible and Inadmissible Costs

9. Full details of buildings, works and other provisions which are admissible or inadmissible for subsidy are set out in paragraphs 59-69 below.

10. The costs of inadmissible items of erection and site development works should be taken from the priced bills or estimates. Where the costs of admissible and inadmissible works are not priced separately, the costs should be apportioned on whatever appears to be the most reasonable basis.

COMPLETION OF PART A: Statement of Cost of Erection of Dwellings

Items 1-10

11. The basic subsidy for erection costs will be related to the estimated cost of erection at the date on which the council pass a formal resolution accepting the erection tender or estimate.

Admissible and inadmissible erection costs are set out in paragraphs 59-62 below.

Gross Erection Tender Cost

Items 1-3

12. The gross costs of a tender or estimate for erection should be inserted at *Item 1*, even though these costs may include items inadmissible for subsidy such as garages and shops. The costs of those provisions in the tender or estimate which are inadmissible for subsidy however should be inserted at *Item 2*. The net admissible costs should be inserted at *Item 3*.

Item 4

13. The costs of any admissible works of erection provided in an associated tender or estimate, such as external works in a site development works contract, should be inserted at *Item 4*.

Items 5, 6 and 7

14. The total admissible costs of erection works should be inserted at *Item 5*, and the approved yardstick figure at *Item 6*. Subsidy will be payable on whichever of these two is the lower, and this figure should be repeated at *Item 7*.

Salaries and Fees

Item 8

15. The estimated salaries and fees incurred in connection with the admissible erection works should be inserted at *Item 8* (see *paragraph 53* below).

Total Admissible Erection Costs

Item 9

16. The total erection costs qualifying for basic subsidy should be inserted at *Item 9*.

Cost of New Buildings and Works not admissible for Subsidy

Item 10

17. The cost of the subsidy site and associated site development works should be reduced to take account of any new buildings and works to be provided on the subsidy site which are not admissible for subsidy, such as shops, community halls and garages (see *paragraph 61 (2)* below). The best practicable estimate of the erection costs of all such buildings and works should be inserted at *Item 10*, even if they are included in a separate building contract, together with a brief description.

COMPLETION OF PART B: Statement of Cost of Site Development Works

Items 11-21

18. Basic subsidy on site development works costs will be based on the estimated costs at the date on which the council pass a formal resolution accepting a tender or estimate for erection or any actual costs of site development works that may be known at that date. Admissible and inadmissible site development works costs are set out in paragraphs 63 and 64 below.

Gross Site Development Works Costs

Items 11-13

19. The gross costs of the tender or estimate, or any actual costs already known (see *paragraph 18* above) should be inserted at *Item 11*, even where these relate to an area larger than the subsidy site (see *paragraph 20* below). Separate totals should be given if the works were carried out under more than one contract. Any costs which are inadmissible for subsidy, or though admissible, consist of works of erection and have therefore been transferred

to *Item 4*, should be inserted at *Item 12*. The net admissible site development works costs should be inserted at *Item 13*.

Calculation of Site Development Works Costs where the works extend beyond the Subsidy Site

Items 14 and 15

20. Where the site development works for a subsidy site are carried out as part of a contract for an area larger than the subsidy site, the proportion of the admissible site development works costs which is to be attributed to land outside the subsidy site should be calculated in accordance with the following formula:

$$\frac{A-B}{A} \times C$$

where A is the acreage of the larger area of land, B is the acreage of the subsidy site and C is the cost of admissible site development works (*Item 13*) carried out in area A. The result of this calculation should be inserted at *Item 14*, and the resultant net cost attributable to the subsidy at *Item 15*.

Additional Admissible Site Development Works Costs

Items 16 and 17

21. If there are any additional admissible site development works referable to the subsidy site, which have been or are to be provided outside the main site development works contract (e.g. as part of the erection contract), the estimated costs should be inserted at *Item 16*, or any actual costs already known (see *paragraph 18* above). The consequent increased total of admissible site development works costs should be inserted at *Item 17*.

Salaries and Fees

Items 18 and 19

22. The estimated salaries and fees incurred in connection with the admissible site development works should be inserted at *Item 18* (see *paragraph 53* below). The consequent increased total admissible costs should be inserted at *Item 19*.

Reduction of Site Development Works Costs where the Subsidy Site contains New Buildings and Works inadmissible for Subsidy

Item 20

23. Site development works, although of a type admissible for subsidy, may also serve other new buildings and works provided on the site, such as shops and garages, which are not themselves admissible for subsidy.

24. In such a case the proportion of the cost of the admissible site development works, which is to be attributed to the inadmissible new buildings and works, should be calculated in accordance with the following formula:

$$\frac{A}{A+B} \times C$$

where A is the estimated cost of the new buildings or works provided or to be provided on the site which are listed in *paragraph 61 (2)* below as inadmissible for subsidy (*Item 10*); B is the cost of new dwellings, etc. on the site which are admissible for subsidy (*Item 7*); and C is the cost of the admissible site development works, including salaries and fees (*Item 19*). The result of this calculation should be inserted at *Item 20*.

Total Admissible Site Development Works Costs

Item 21

25. The total site development works costs qualifying for basic subsidy should be inserted at *Item 21*.

COMPLETION OF PART C (I): Statement of Cost or Value of Site

Items 22-30

26. The cost of a subsidy site shall normally be taken to be:

(i) where the site was acquired by a local authority under Housing Act powers, by the Commission for the New Towns, by a development corporation or by a housing association, the actual expenses incurred in the acquisition, irrespective of the date of acquisition;

(ii) where the site was appropriated for housing purposes, the actual expenses incurred in the acquisition, or current housing value, or current market value, according to the circumstances of the appropriation.

Item 22

27. As regards *paragraph 26 (i)* above, admissible and inadmissible expenditure in connection with acquisition is set out in *paragraphs 65 and 69* below. The relevant figure for site costs in such cases should be inserted at *Item 22* even where the subsidy site forms only part of the original acquisition (see *paragraphs 35-38* below).

Item 23

28. As regards *paragraph 26 (ii)* above, the basis of valuation for different types of appropriation is set out in *paragraphs 66, 67 and 69* below. The relevant figure for site costs in such cases should be inserted at *Item 23*, even where the subsidy site forms only part of the original appropriation (see *paragraphs 35-38* below).

Item 24

29. Where a subsidy site consists partly of land acquired under Housing Act powers and partly of appropriated land, both *Items 22 and 23* should be completed, and the resultant total inserted at *Item 24*.

District Valuer's Report

30. A District Valuer's report will normally be required for each acquisition or appropriation, containing a valuation in accordance with these notes.

Adjustment of Site Costs

31. There are five types of case in which it will be necessary to adjust the cost of the subsidy site determined initially in accordance with *paragraphs 26-29* above.

Items 25 and 26

(i) Reduction of Site Area and Costs where the Subsidy Site contains Land which is sold, etc.

32. An appropriate reduction of the subsidy site cost and acreage must be made on the basis of a District Valuer's report on the cost or value of any land which forms part of an acquisition or appropriation for housing purposes, and which has been, or is to be sold, leased or appropriated for other than housing purposes (see *paragraphs 6 (i)* above and *69 (a)* below).

(ii) Reduction of Site Area and Costs where Existing Buildings on a Subsidy Site are retained in use

33. An appropriate reduction of subsidy site cost and acreage must be made on the basis of a District Valuer's report for the cost or value of any buildings on the subsidy site, which were on the site when it was acquired or appropriated for housing purposes, and which are retained in use for any purpose (see *paragraphs 6 (ii)* above and *69 (b)* below).

34. The cost or value to be deducted on the basis of a District Valuer's report on account of land or buildings described in *paragraphs 32 and 33* above should be inserted at *Item 25*, unless an appropriate reduction has already been made under *Item 22* or *23*, and the resultant net cost should be inserted at *Item 26*.

(iii) Reduction of Site Costs where the Subsidy Site is Part of a Larger Area of Land Acquired or Appropriated

Item 27

35. Sometimes a subsidy site will form only part of a larger area of land acquired or appropriated for housing purposes. The cost of the larger area should be determined initially on the basis described in paragraphs 26-34 above, and subject to the exception mentioned in paragraph 36 below, the proportion of the admissible site costs which is to be attributed to the land outside the subsidy site should be calculated in accordance with the following formula:

$$\frac{A-B}{A} \times C$$

where A is the acreage of the larger area of land, B is the acreage of the subsidy site and C is the admissible cost of the larger area of land (*Item 26*).

36. The area, or part of the area, outside the subsidy site, may be the subject of a claim for expensive site subsidy under a previous Act. If so, this should be noted under *Item 27*, and a reduction of cost in respect of the land which is the subject of that claim should be made on the basis of the cost taken for the purpose of calculating the claim and not on the basis described in paragraph 35 above.

37. The cost to be deducted should be inserted at *Item 27*.

Item 28

38. The admissible site costs calculated in accordance with paragraphs 26-37 above should then be inserted at *Item 28*.

(iv) Reduction of Site Costs where the Subsidy Site contains New Buildings or Works inadmissible for Subsidy

Item 29

39. The subsidy site may contain new buildings or works, such as garages and shops, which are not admissible for subsidy.

40. In such a case the proportion of the admissible site costs which is to be attributed to such inadmissible new buildings or works should be calculated in accordance with the following formula:

$$\frac{A}{A+B} \times C$$

where A is the estimated cost of the new buildings or works provided or to be provided on the site, which are listed in paragraph 61 (2) below as inadmissible for subsidy (*Item 10*); B is the cost of new dwellings, etc. on the site which is admissible for subsidy (*Item 7*); and C is the admissible cost of the subsidy site (*Item 28*). The result of this calculation should be inserted at *Item 29*.

41. Sometimes however the reduction of the site cost for inadmissible new buildings can be more appropriately made on a valuation basis in accordance with the advice of the District Valuer (e.g. where shops are provided in a main shopping street serving the general public as well as a housing estate). The Department should be consulted on any case which comes into this category.

(v) Grant or Compensation payable in respect of the Subsidy Site

42. Where any specific grant or compensation, other than housing subsidies, is payable in respect of land forming part of, or acquired with, the subsidy site, details should be submitted separately with form H.S.1 so that an appropriate adjustment may be made by the Department to the site costs.

Total Admissible Site Cost

Item 30

43. The total site costs qualifying for basic subsidy should be inserted at *Item 30*.

COMPLETION OF PART C (2): Expensive Site Subsidy

44. Additional information is required when expensive site subsidy is applied for. Subject to the exceptions described in paragraphs 45 and 47 below, the cost and acreage of a site for this purpose will be the same as that calculated for basic subsidy in accordance with the rules set out in paragraphs 26-43 above.

45. If an erection tender is to be carried out on two or more separate areas of land, unless the separation is only by the width of a street, each area will be treated separately for the purpose of expensive site subsidy, but not for basic subsidy. Consequently, the site cost calculated for basic subsidy for the whole subsidy site should be recalculated for separate areas in accordance with the rules set out in paragraphs 26-43 above. For this purpose a separate Part C (1) and (2) of H.S.1 should be completed in respect of each area.

Item 31

46. *Item 31* should be completed to show whether the site is subject to the density limitation of section 10 (3) of the Act (see Section G of the Housing Subsidies Manual).

Item 32

47. If a subsidy site included roads and sewers, etc., when it was acquired or appropriated for housing purposes, and if these works will serve the approved dwellings on the site, an appropriate reduction of the cost of the site should be made on the basis of a District Valuer's report. (No reduction is necessary as regards the basic subsidy calculation since this subsidy is payable on the admissible costs of all site works serving a housing scheme). The value of any such works should be inserted in *Item 32*, and this will be taken into account in calculating the expensive site subsidy.

Item 33

48. It should be stated at *Item 33* whether the site has already been the subject of a claim for expensive site subsidy.

Item 34

49. It should be stated at *Item 34* whether the site has been the subject of advances on account under Section 11 of the Act (see Section G of the Housing Subsidies Manual).

COMPLETION OF PART D: Summary for Purposes of Section 2 (Aggregate Cost Subsidy)

50. The admissible costs of erection (*Item 9*), site development works (*Item 21*) and the site (*Item 30*), and the total admissible aggregate cost, should be inserted in this part of the form. In addition, the average admissible cost for each approved dwelling should be inserted. This should be calculated by dividing the aggregate admissible cost by the number of approved dwellings in the tender. This figure will be used wherever it is necessary to determine the approved cost of individual dwellings, e.g. when dwellings in a contract are completed over two or more financial years.

COMPLETION OF PART E: Application and Certification by Clerk or Chief Financial Officer

51. This is the formal application for basic subsidy and, where relevant, high flat and expensive site subsidies; it also provides for the certification by the appropriate officer of the authority that the form has been completed in accordance with the notes to H.S.1.

District Valuers Reports, etc.

52. For convenience, the circumstances in which H.S.1 must be accompanied by supporting documents, such as a District Valuer's report, are given in the table below:

- | | | |
|---|---|--|
| (i) In the case of a site acquired by a local authority under Housing Act powers. | (a) A certified statement by the Chief Financial Officer of the cost of acquisition, together with a list of additional admissible expenses incurred in the acquisition (see paragraph 65 below);
The District Valuer's report and plan (see paragraph 66 below). | (b) The District Valuer's report and plan unless already previously submitted to the Department. |
| (ii) In the case of a site appropriated by the authority for housing purposes. | The District Valuer's report on the selling price, the terms of the lease or the value of land where appropriated (see paragraphs 32 and 34 above and 69 (a) below). | |
| (iii) Where any land forming part of an acquisition appropriation for housing purposes has been, or is to be sold, leased or appropriated for other than housing purposes. | The District Valuer's report on the value of these provisions (see paragraphs 33 and 34 above and paragraph 69 (b) below). | |
| (iv) If the site when acquired or appropriated included any buildings which are to be retained in use for housing or any other purpose. | The District Valuer's report on the value of these provisions (see paragraphs 47 above and 69 (d) below). | |
| (v) In the case of expensive site subsidy being applied for, site works such as roads and sewers already existing on the site and which will serve the future subsidised housing development. | A plan of the site as defined in paragraphs 4-6 above. If the site forms part of a larger acquisition or appropriation, the plan should show this larger area also. The acreage of the subsidy site and, if relevant, of the larger area, should be shown on the plan and certified as correct. | |
| (vi) Where expensive site subsidy is applied for. | Sectional drawings of the buildings (see paragraph 8 above). | |
| (vii) Where high flat subsidy is applied for. | | |

NOTE:—In the case of a subsidy site which was the subject of a large number of separate acquisitions, the Department will be prepared to accept, instead of District Valuer's reports for each separate acquisition, a certified statement by the Chief Financial Officer of the cost of the subsidy site, and that this cost is within the total figure of all the relevant District Valuer's valuations drawn up in accordance with these notes.

Salaries and Fees

53. Salaries or fees included in cost statements should be estimated on the best information available. The salaries and fees are those of Architects, Engineers, Quantity Surveyors, Structural Engineers, Clerks of Works, and others which, whether met from revenue or capital, are of such kind as to be properly chargeable to capital and also for loan sanction. Where fees are concerned these should be calculated at the minimum of the relevant professional scale of charges. Where they relate both to admissible and inadmissible costs (including costs of erection of approved dwellings which are inadmissible because they are above the yardstick figure) the figures to be inserted at *Items 8* and *18* should be proportionate to the costs which are admissible for subsidy.

Provisional Approvals

54. If for any reason an authority does not find it possible to complete Parts B and/or C as well as Part A of H.S.1 within one month of the date of the acceptance of an erection tender, as required under paragraph 193 of the Housing Subsidies Manual, the Minister will be prepared to approve the scheme on the basis of a completed Part A with Part B or Part C completed where possible. A further H.S.1 with the remaining parts completed should be submitted as soon as possible thereafter so that a full cost approval may be issued.

55. It may also sometimes be the case that site costs (Part C (1)) cannot be finally determined until a considerable time after the tender for the erection of dwellings is accepted. In this case, estimated costs should be given so that a provisional approval may be issued, subject to an appropriate adjustment of the approved cost when final site costs are available. The Department should be informed without delay when the actual costs are known.

Dwellings Approved under the Housing Subsidies Act 1967 before the Issue of Form H.S.1

56. Those authorities who have already received a Ministerial approval for subsidy for dwellings under the Housing Subsidies Act 1967, before the issue of copies of H.S.1, should now complete the form for each relevant erection tender or estimate as soon as possible, in the order in which the tenders or estimates were originally submitted.

57. Where it is necessary to complete H.S.1 for an approved tender which includes dwellings approved for subsidy under the Housing Act 1961, and also dwellings approved for subsidy under the Housing Subsidies Act 1967, (e.g. in backdating cases covered by Section 1 (3) (c) or (d) of the 1967 Act) although only the dwellings which qualify under the latter Act should be shown as "qualifying for subsidy" at the head of the form, Parts A-C of the form should be completed as though the cost of the housing scheme is entirely referable to the 1967 Act. Part D (summary of costs) should also be completed as though all dwellings in the tender qualify under the 1967 Act. Each part of the cost in the summary, and the total cost, should then be reduced, in an extension to the summary, by an amount referable to those dwellings in the tender which do not qualify under the 1967 Act. This should be done by apportioning the summarised costs in the ratio of the number of dwellings qualifying under the 1967 Act to the total dwellings in the tender. For the purposes of Part C (2) (expensive site subsidy), the acreage of the whole site should also be reduced on this basis, and the result entered as an additional note to Part C (2).

58. Since the yardstick arrangements do not apply generally to housing schemes which are submitted for the Minister's approval at tender stage before 1st July 1967 (see Circular 36/67), no reduction of erection costs will be made for subsidy purposes on a yardstick basis. *Item 6* of Part A therefore should not be completed. It will of course be necessary to exclude inadmissible items from the total cost of the scheme.

ADMISSIBLE AND INADMISSIBLE COSTS OF ERECTION

Admissible costs of erection

59. Admissible costs include:

(1) Cost of erection of approved dwellings carried out under a building contract, admissible up to but not exceeding the appropriate yardstick figure (see *paragraph 60* below).

(i) Substructures and superstructures including—

Tenants' stores in outbuildings or in blocks of dwellings.
Ancillary accommodation provided in blocks of dwellings and required for the functioning of the dwellings, e.g.

Tenants' drying rooms.

Caretaker's or warden's premises.

Tankrooms, pumprooms and boiler rooms.

Conveniences on ground floor of multi-storey blocks.

Public staircases, access decks and bridge links.

Service installations, e.g.

Water (including pumping plant), gas and electricity.

Lifts.

Normal refuse disposal systems, chutes and chambers.

Ventilating, heating and hot water systems including any separate boiler house (or proportion) properly chargeable to housing.

District heating allocable to the dwellings.

(ii) External works including—

Ground clearance and earthworks related to the dwellings.

Drains and connections for water, gas and electricity.

Paths and pavings related to the dwellings.

Forecourts, yards, patios, drying grounds, play spaces and recreational areas.

Screen walls, fencing, gates, retaining walls related to the dwellings.

Landscaping related to the dwellings.

(iii) Where the dwellings are specifically designed for old people—

Warden's office.

Call-bell or communication system.

Goods delivery room.

Common rooms, guest bedrooms.

Communal laundry room and domestic laundry appliances.

Cookers, washing machines.

Central heating above standards in Appendix I of Circular 36/67.

Refrigerators, whether in the form of an individual refrigerator or a communal refrigerator.

Passenger lifts in blocks of three or more storeys.

(2) Estimated fees and salaries of Architects, Engineers, Quantity Surveyors, Clerks of Works, etc., as defined in paragraph 53 above, so far as they are referable to admissible works.

60. The items in paragraph 59 (1) (i) and (ii) above are subject to the yardstick procedure and are admissible for subsidy up to but not exceeding the appropriate yardstick figure. The items in paragraph 59 (1) (iii) are covered by the yardstick subject to the special allowances referred to in paragraph 18 of Appendix II to Circular 36/67 and are admissible for subsidy accordingly.

Inadmissible Costs of Erection

61. Costs not admissible include:

(1) Cost of erection of dwellings in excess of the appropriate yardstick figure.

Cost of the following provisions in approved dwellings:

Cookers

Refrigerators

Washing machines

Laundry rooms and

laundry equipment

(except when provided in connection with a scheme for old people—see paragraph 59 (1) (iii) above).

Furniture (other than built-in cupboards, etc.)

Radio and television aerials, equipment and relay systems.

Sculptures, ornamental mosaics and similar features.

Telephone cables.

Extra cost of approved district heating schemes.

District heating so far as not serving the housing scheme.

Work to existing buildings on the site.

Sums for contingencies.

Costs referable to site development works (these should be considered under paragraph 63 and 64 below).

Cost of raising loan.

(2) (i) Unsubsidised dwellings (cost of erection and ancillary provisions) provided or to be provided on the subsidy site, namely:

Dwellings built for sale or sold on completion.

Dwellings provided directly or indirectly for rehousing persons displaced by operations of the type referred to in the Ninth Schedule to the Housing Act 1957 or in similar circumstances.

(ii) Cost of other buildings and provisions provided or to be provided on the subsidy site, whether or not forming parts of blocks of dwellings, namely:

Shops, restaurants, public houses.

Garages, car parks, hardstandings.

Estate factories, stores and offices.

Separate laundry blocks and their equipment.

Maintenance depots, tools, plant and vehicles.

Community, club or recreational halls.

Extra cost of special refuse treatment buildings and the related plant, receptacles and conduits.

Transformer buildings and electricity sub-stations.

Public conveniences (other than on ground floor of multi-storey blocks).

Offices (except warden's office in dwellings for old people).

Police stations.

Public libraries.

Bus Shelters.

Surgeries, clinics and welfare buildings.

Any provisions listed as inadmissible for subsidy in this paragraph are also inadmissible if provided under a site development works tender or estimate (see paragraph 64 below).

62. Where the development of a site includes any of the items in paragraph 61 (2) above, an appropriate reduction should be made in the cost of site development works and of site acquisition before calculating subsidy (see *paragraphs 23 and 24 and 39-41* above).

ADMISSIBLE AND INADMISSIBLE SITE DEVELOPMENT WORKS COSTS

Admissible costs of site development works

63. Admissible costs include:

(i) Preliminary works.

Survey of sites, aerial surveys.

Site investigation, digging trial holes, boring test holes.

(ii) Site clearance, etc. (net cost after crediting value of salvage).

Demolitions and clearance (excluding reimbursable costs).

Taking up and clearing old foundations, sewers, services, pavings, streets, obstructions (where related to site development works).

Levelling, filling, bridging over made ground (where related to site development works).

Stopping streets.

Stopping and diverting sewers and services.

Culverting streams.

Shoring, protecting and making safe adjoining buildings.

(iii) Constructing, widening and altering roads and streets where properly chargeable to housing:

Carriageways, footpaths, verges and related minor open spaces including related landscaping.

Street lighting and name plates.

Pedestrian ways and footpaths separate from the streets.

Retaining walls and steps relating to roadworks.

Private street works charges properly chargeable to the site where these arise after acquisition of the site.

(iv) Construction of sewers where properly chargeable to housing:

"On site" sewers.

Connection with nearest suitable existing public sewer.

Pumping from low-lying sites.

Small sewage disposal works exclusively to serve housing estate.

Septic tanks serving small groups of houses.

- (v) Water supply (normally the responsibility of water undertaking):
 - Capital contribution required to be made towards bringing water supply to the site.
 - Duplicate water mains where properly chargeable to housing.
 - Wells to provide water exclusively for housing estate.
- (vi) Other services.
 - Capital contribution required to be made towards bringing gas or electricity supply to the site.
- (vii) Landscaping of housing estate where not included under erection of dwellings (see paragraph 59 (1) (ii) above), or under road works (see subparagraph (iii) above).
- (viii) Estimated fees and salaries of Architects, Engineers, Quantity Surveyors, Clerks of Works, etc., as defined in paragraph 53 above, so far as they are referable to admissible works.

Inadmissible costs of site development works

64. Costs not admissible include:

- (i) Roads and streets if not chargeable to housing, e.g. in general—
 - Work to existing public streets, including peripheral roads and existing roads running through the subsidy site.
 - Making up private streets leading to or bounding the subsidy site, except so far as private street works charges are properly chargeable against the site or, in certain cases, a specific requirement of the housing scheme is met by making up or widening such streets and part of the cost is accepted as a proper charge to that scheme.
 - Construction of estate roads to the extent that part of the cost should be charged to another account, e.g. to highways account if the road is constructed to a greater width or a higher specification than is necessary for an estate road in order to provide a through bus or traffic route, or the estate road serves some purpose or frontage other than that of council housing.
- (ii) Sewers if not chargeable to housing, e.g. in general—
 - Major "off-site" sewers.
 - Sewers across the site which will serve as trunk sewers.
 - Sewage disposal works to serve more than the housing estate.
 - Renewal or replacement of existing public sewers.
 - Extra cost of constructing sewers of a larger capacity and/or to a greater depth than is necessary for the housing estate.
- (iii) Recreation grounds, playing fields, etc. which represent provision significantly beyond the needs of a housing estate.
- (iv) Site development costs attributable to requirements other than those of Part V of the Housing Act 1957.
- (v) Sums for contingencies.
- (vi) Costs referable to the erection of dwellings (these should be considered under paragraphs 59-61 above).
- (vii) Cost of raising loan.

Any provisions listed as inadmissible for subsidy under this paragraph are also inadmissible if provided under an erection tender or estimate (see paragraph 61 above).

ADMISSIBLE AND INADMISSIBLE SITE COSTS

Admissible site costs

65. Admissible costs of land purchased by local authorities under Part V of the Housing Act 1957, land purchased by local authorities under Part II or III of the Act with a view to development under Part V after appropriation and land acquired by the Commission for the New Towns, the development corporations and housing associations include:

- (a) Acquisition of all necessary interests, including the following actual or notional expenses:
 - Capital sum payable for acquiring leasehold interests.
 - Capital sum required to extinguish recurring payments arising out of a freehold interest, e.g. fee farm rent, chief and quit rents.
 - Capital value of the ground rent reserved under a building lease.

Compensation properly payable for business disturbance. Compensation and removal expenses properly payable to displaced tenants.

Allowances to persons displaced (Sections 32 (Payments to persons displaced), 63 (Power of local authority to make allowances to persons displaced) and 100 (Power to make allowances to persons displaced by purchase under Part V) of the 1957 Act).

Payments under Sections 30 (Payments in respect of condemned houses which have been well maintained), 31 (Temporary provisions for payments to owner-occupiers and others—Part II), 60 (Payments in respect of well maintained houses) and 61 (Temporary provisions for payments to owner-occupiers and others—Part III) of the 1957 Act.

Cost of buildings on site when acquired, but which have no residual value and require demolition (demolition and clearance costs to be shown under site development works).

- (b) Costs incurred in complying with specific conditions of conveyance, and other accommodation works arising out of acquisition so far as the work is carried out for the sole purpose of limiting the amount of compensation which would otherwise have been payable on acquisition, e.g.
 - Provision of specific boundary fencing or walling.
 - Supporting adjacent property affected by works on site.
 - Net cost of temporary premises for shopkeepers displaced, pending building of permanent shops on site.
- (c) Other expenses, such as:
 - Redemption of tithe and land tax if commuted to capital sum.
 - Payments properly due to statutory undertakers in respect of abandoned services.
 - Private street works charges properly chargeable against the site if outstanding at the date of acquisition.
 - Legal expenses, surveyors fees, stamp duty, arbitration costs.

66. The basis of determining the cost of land appropriated for housing purposes (except where appropriated from Part II or Part III of the Housing Act 1957) will in the normal case be as follows:

- (a) Land originally acquired or held:

<ul style="list-style-type: none"> (i) as corporate land; (ii) for the benefit, improvement or development of the district; (iii) under planning powers, where it has not attracted specific planning grant under the Local Government Act 1966; (iv) under the Town Development Act 1952, 	and which has remained undeveloped since acquisition, pending allocation for a specific purpose, or land so held which contains or contained substantial buildings which have not been used or let for a period of more than five years.	The actual expenses incurred in the acquisition
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- (b) Land acquired under planning powers and which has attracted specific planning grant under the Local Government Act 1966.

<ul style="list-style-type: none"> (i) as corporate land; (ii) for the benefit, improvement or development of the district; (iii) under planning powers, where it has not attracted specific planning grant under the Local Government Act 1966; (iv) under the Town Development Act 1952, 	and which has remained undeveloped since acquisition, pending allocation for a specific purpose, or land so held which contains or contained substantial buildings which have not been used or let for a period of more than five years.	Current housing value at the date of appropriation.
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- (c) Land other than that specified in (a) or (b) above.

<ul style="list-style-type: none"> (i) as corporate land; (ii) for the benefit, improvement or development of the district; (iii) under planning powers, where it has not attracted specific planning grant under the Local Government Act 1966; (iv) under the Town Development Act 1952, 	and which has remained undeveloped since acquisition, pending allocation for a specific purpose, or land so held which contains or contained substantial buildings which have not been used or let for a period of more than five years.	Current market value at the date of appropriation.
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67. As regards paragraph 66 (a), where works of clearance were carried out before the date of appropriation, the Minister will consider an application for the payment of basic subsidy on the cost of such works.

68. Exceptional cases of acquisition or appropriation will be considered on their merits and should be brought to the attention

of the Department so that an agreed basis for determining admissible costs may be settled. These include schemes of mixed development (except those already under consideration for planning grant under the Local Government Act 1966) and those whose purposes include the relocation of industrial premises or similar planning objects.

Inadmissible site costs

69. Inadmissible costs both as regards land acquired under Housing Act powers or appropriated include:

- (a) Cost or value of land acquired or appropriated for housing purposes which in the event is not used for those purposes, e.g.

- Land sold or leased.

- Land appropriated for other purposes.

- Land allocated for public open space significantly beyond the needs of a housing estate.

The gross cost or value of the land in these cases should be reduced by the net proceeds of the sale or the capital value of the rent paid under a lease, or by the value taken for the purpose of the appropriation, and the area in question will be excluded from the site (see paragraphs 6 (i), 32 and 34 above).

- (b) Cost or value of any buildings existing on site when acquired or appropriated (including the immediate sites of these buildings) where the buildings are to be retained in use for residential, business or other purposes. The area referable to such buildings should be excluded from the site (see paragraphs 6 (ii), 33 and 34 above). Buildings which are to be only temporarily retained in use before demolition and redevelopment however will be allowed to count against the cost of acquiring or the value of the site, but the cost or value should be appropriately reduced so as to exclude an element of value for their temporary user. The local authority should in such a case submit proposals to the Department.
- (c) Receipts by way of compensation, grants, etc. (see paragraph 42 above).
- (d) In expensive site subsidy cases only, the cost or value of site development works (roads, sewers, etc.) existing on the site at date of acquisition or appropriation which will serve the approved dwellings on the site (see paragraph 47 above).
- (e) Cost of raising loan.

- Definition** 1. For the purposes of this Appendix district heating is taken to mean a system of heating a number of separate buildings from a single heat source.
- Suitability** 2. Economically attractive district heating schemes are those where the lengths of service mains, and consequently mains costs and heat loss, are low in relation to the density of demand. Hence district heating is generally suitable for large, high density projects where the development is likely to be carried to completion quickly. Projects of a few dwellings or at low density are likely to be disproportionately expensive in capital cost and therefore not economically acceptable.
- General** 3. The additional capital cost of district heating would often absorb the whole 10% tolerance on the erection cost yardstick, or even more. However, in favourable circumstances the total cost to the consumer of heating and hot water (including loan charges on the installation) can be significantly lower than the cost for systems with lower capital but higher running costs. The Department is therefore prepared to consider capital expenditure outside the 10% tolerance in such cases—see paragraph 16 below. (No additional subsidy will be payable, as the extra loan charges will be fully balanced by lower running costs). But it is only where the case for district heating is proved that this special treatment can be given.
4. In order not to delay the overall project while the district heating aspects are examined and any necessary modifications are discussed and agreed, it is important that authorities which are contemplating district heating schemes advise the Department of their proposals at a very early stage.
5. For the guidance of authorities, notes of some of the points needing consideration are provided in the following paragraphs. In addition the Department's officers will be glad to assist authorities with advice about their schemes.
- Statutory powers** 6. Authorities are reminded that, in planning district heating schemes, they may need to consider the adequacy of their statutory powers. Without statutory authority the breaking-up of a highway (in this context—for district heating purposes) is indictable as a nuisance notwithstanding that a highway authority may have agreed to the operation. Adequate powers are also particularly necessary where the scheme is intended to provide heat to properties not owned by the authority.
- Standards of heating and hot water** 7. The minimum standard for space heating given in Appendix I of Circular 36/67 is for an installation with appliances capable of maintaining kitchen and the circulating spaces at 55°F., and the living and dining areas at 65°F. when the outside temperature is 30°F. (The higher standard of heating required in dwellings designed specifically for old people will be set out in a later circular).
8. Since the supply of hot water will be outside the control of the tenant, it is necessary to make a minimum provision. The Parker Morris standard for the provision of hot water is 250 gallons a week at 140°F. for a two-storey, five-person household. In a scheme which provides for a variety of household sizes, the hot water system should be designed to supply water at 140°F. in quantities which vary from 100 gallons a week for one-person households to 300 gallons a week for six-person households.
- Costs** 9. Taking into account both loan charges on capital expenditure and the running costs, district heating should not be proposed unless it is clear that its "cost-in-use" is lower than the equivalent cost of alternative methods of individual house heating giving a similar standard of heating and hot water. As running costs are partly dependent upon the cost of fuel, capital and running cost comparisons should be made at the outset between district heating systems using various fuels as well as with systems of individual house-heating.
- Layout and installations** 10. Particular care is necessary in laying and insulating the mains. For example, there should be proper provision for expansion in the mains and at connections into dwellings. If mains have to be put underground, the ducts must be properly drained. Discussions with the local fire authority are advisable on the location of any high temperature piping and fuel stores. Great care is called for in designing the distribution system and the Department will require full information on this part of a district heating scheme in order to be able to consider whether or not approval can be given.

Professional advice

11. It is advisable to secure the advice of an independent consultant on the requirements and standards of the heating installation. Requests for feasibility reports on schemes should not normally be placed with organisations or firms which have an interest in one particular fuel or system. In briefing the consultant the authority should bear in mind the 5% preference for coal over oil to which attention was drawn in Circular 46/65.

Planning and Clean Air requirements
Heat meters

12. Authorities are reminded of the need to have regard to planning and clean air requirements.

13. Although authorities may wish to ensure that the heat used does not fall below a certain level so as to prevent condensation, etc., it is desirable that the tenant should be able to decide, within reasonable limits, the amount of heat and hot water he wishes to buy. With district heating schemes this suggests some form of metering for both heat and hot water so that the charge levied can be related to consumption.

Submission for approval

14. In accordance with Section O, details of proposed housing schemes are to be submitted at the layout stage. Where any such development is intended to include district heating, attention should be drawn to this in the submission. Subsequently, after the yardstick for the housing scheme, which will not include the extra cost attributable to district heating, has been fixed and notified to the authority, a detailed cost and technical summary of the district heating scheme will be required by the Department.

15. The first step should be for the authority to commission a feasibility report by an independent consultant or by a qualified officer of the authority. Normally this should include an analysis of the cost comparisons of heating systems; details of the form in which this should be set out are available from the Department. If the feasibility report supports the district heating scheme, to ensure that delay on the scheme as a whole is avoided or minimised, authorities are asked to provide the Department with three copies of the report (including the analysis) not later than three months before the authority intends to invite tenders for the whole development. Meanwhile the detailed design of the scheme may be proceeded with, but the resultant design should be such that its construction can be put out to competitive tender. Schemes will not normally be approved unless this condition is satisfied.

Approval of schemes

16. Where the proposed district heating scheme can be demonstrated to the Department's satisfaction to have a lower "cost-in-use" than other forms of heating, and the Department is satisfied with all technical aspects of the scheme, the Department will allow an increase in the amount approved for loan sanction (but not for subsidy). The procedure will be for the Department to lay down a cost limit for this purpose; the extra amount approved for loan sanction within the cost limit being the estimate of the figure by which the capital cost proposed to be incurred by the council on the district heating installation exceeds the cost of alternative provision. The local authority may then proceed to invite tenders for installation and accept the lowest provided that:

- (a) it does not exceed the cost limit laid down, or
- (b) any excess over that limit can be met from the tolerance of 10% allowed on the yardstick for the dwellings themselves.

(If the tender for the district heating work is lower than the cost limit given, the amount of extra loan sanction will be reduced since the balance is not available for other elements of the housing scheme).



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