



Housing Act 1985

1985 CHAPTER 68

PART XIII

GENERAL FINANCIAL PROVISIONS

Housing subsidy

421 Housing subsidy.

- (1) Housing subsidy is payable for each year to [^{F1}[^{F2}development] corporations ^{F3} . . .].
- (2) Housing subsidy shall be credited [^{F4}to the [^{F5}corporation's] housing account]
- (3) Housing subsidy shall be paid by the Secretary of State at such times, in such manner and subject to such conditions as to records, certificates, audit or otherwise as he may, with the agreement of the Treasury, determine.
- (4) Payment of housing subsidy is subject to the making of a claim for it in such form, and containing such particulars, as the Secretary of State may from time to time determine.

Textual Amendments

- F1** Words substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 77(1)(3)**
- F2** Words in s. 421(1) substituted (1.12.2008) by The Housing and Regeneration Act 2008 (Consequential Provisions) Order 2008 (S.I. 2008/3002), art. 4, **Sch. 1 para. 11(2)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)
- F3** Words in s. 421(1) repealed (1.10.1998) by 1998 c. 38, s. 152, **Sch. 18 Pt. IV** (with ss. 137(1), 139(2), 141(1), 143(2)); S.I. 1998/2244, **art. 4**
- F4** Words substituted for s. 421(2)(a)(b) by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 77(2)(3)**
- F5** Word in s. 421(2) substituted (1.12.2008) by The Housing and Regeneration Act 2008 (Consequential Provisions) Order 2008 (S.I. 2008/3068), art. 4, **Sch. 1 para. 11(3)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)

Changes to legislation: Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Modifications etc. (not altering text)

- C1** Ss. 421–427A: by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), **s. 79(3)** it is provided that [sections 421 to 427A](#) of the Housing Act 1985 (which are superseded, in their application to local housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

422 Calculation of housing subsidy for local housing authorities.

- (1) The amount of the housing subsidy payable to a [^{F6}[^{F7}development] corporation] for a year (the year of account) shall be calculated from the amounts which, in accordance with sections 423 to 425, are the [^{F6}corporation's]—
- (a) base amount (BA),
 - (b) housing costs differential (HCD), and
 - (c) local contribution differential (LCD),
- for the year, and shall be so calculated by using the formula BA+HCD-LCD.
- (2) If the amount so calculated is nil or a negative amount, no housing subsidy is payable to the [^{F8}corporation] for that year.

Textual Amendments

- F6** Words substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), Sch. 11 paras. 77(3), **78(1)**
- F7** Words in s. 422(1) substituted (1.12.2008) by [The Housing and Regeneration Act 2008 \(Consequential Provisions\) Order 2008 \(S.I. 2008/3002\)](#), art. 4, **Sch. 1 para. 12** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)
- F8** Word substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194, Sch. 11 paras. 77(3), **78(2)**

Modifications etc. (not altering text)

- C2** Ss. 421–427A: by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), **s. 79(3)** it is provided that [sections 421 to 427A](#) of the Housing Act 1985 (which are superseded, in their application to local housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

423 The base amount.

- (1) A [^{F9}[^{F10}development] corporation's] base amount for a year of account is, subject to any adjustment under subsection (2), the amount calculated for the preceding year under section 422, that is to say, the amount of the housing subsidy payable to the [^{F9}corporation] for that year or, if none was payable, nil or a negative amount, as the case may be.
- (2) If the Secretary of State is of opinion that particular circumstances require it, he may adjust the base amount for any year by increasing or decreasing it, either generally or in relation to . . . ^{F11} any particular [^{F12}corporation] .

Changes to legislation: Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Textual Amendments

- F9** Words substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), **Sch. 11 para. 79(1)**
- F10** Words in s. 423(1) substituted (1.12.2008) by [The Housing and Regeneration Act 2008 \(Consequential Provisions\) Order 2008 \(S.I. 2008/3002\)](#), art. 4, **Sch. 1 para. 13(2)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)
- F11** Words repealed by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1)(4), Sch. 11 para. 79(2), **Sch. 12 Pt. II**
- F12** Word in s. 423(2) substituted (1.12.2008) by [The Housing and Regeneration Act 2008 \(Consequential Provisions\) Order 2008 \(S.I. 2008/3002\)](#), art. 4, **Sch. 1 para. 13(3)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)

Modifications etc. (not altering text)

- C3** Ss. 421–427A: by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 79(3) it is provided that [sections 421 to 427A](#) of the Housing Act 1985 (which are superseded, in their application to local housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

424 The housing costs differential.

- (1) A [^{F13}[^{F14}development] corporation's] housing costs differential for a year of account is the amount by which their reckonable expenditure for that year exceeds their reckonable expenditure for the preceding year (and accordingly is nil or, as the case may be, a negative amount if the reckonable expenditure for the year is the same as or less than that for the preceding year).
- (2) A [^{F15}[^{F14}development] corporation's] reckonable expenditure for a year is the aggregate of—
- so much of the expenditure incurred by the [^{F15}corporation] in that year and falling to be debited to [^{F15}the corporation's housing account] as the Secretary of State may determine, and
 - so much of any other expenditure incurred by the [^{F15}corporation] in that year, or treated as so incurred in accordance with a determination made by the Secretary of State, as the Secretary of State may determine to be taken into account for the purposes of housing subsidy.
- [^{F16}(3) A determination may be made for all [^{F14}development] corporations or different determinations may be made for individual corporations; and a determination may be varied or revoked in relation to all or any of the corporations for which it was made.]
- (4) Before making a determination for all [^{F17}[^{F14}development] corporations] the Secretary of State shall consult organisations appearing to him to be representative of [^{F17}[^{F14}development] corporations].

Textual Amendments

- F13** Words substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), **Sch. 11 para. 80(1)**
- F14** Words in s. 424 substituted (1.12.2008) by [The Housing and Regeneration Act 2008 \(Consequential Provisions\) Order 2008 \(S.I. 2008/3002\)](#), art. 4, **Sch. 1 para. 14** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)

Changes to legislation: Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- F15** Words substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), **Sch. 11 para. 80(2)**
- F16** S. 424(3) substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), **Sch. 11 para. 80(3)**
- F17** Words substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), **Sch. 11 para. 80(4)**

Modifications etc. (not altering text)

- C4** Ss. 421–427A: by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 79(3) it is provided that sections 421 to 427A of the Housing Act 1985 (which are superseded, in their application to local housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

425 The local contribution differential.

- (1) A [^{F18}[^{F19}development] corporation's] local contribution differential for a year of account is the amount by which their reckonable income for that year exceeds their reckonable income for the preceding year (and accordingly is nil or, as the case may be, a negative amount if their reckonable income for the year is the same as or less than that for the preceding year).
- (2) [^{F20}A corporation's] reckonable income for a year is the amount which, in accordance with any determination made by the Secretary of State, the [^{F21}corporation] are assumed to receive for that year as income which they are required to carry to their [^{F20}housing account] including—
- (a) any contribution made by the [^{F21}corporation] out of their [^{F20}general revenue account], and
 - (b) any rent rebate subsidy payable under [^{F22}[^{F23}section 140A]of the Social Security Administration Act 1992],
- but excluding any other subsidy, grant or contribution.
- (3) A determination shall state the assumptions on which it is based and the method of calculation used in it, and in making it the Secretary of State shall have regard, amongst other things, to past and expected movements in incomes, costs and prices.
- [^{F24}(4) A determination may be made for all [^{F19}development] corporations or different determinations may be made for different corporations or groups of corporations.]
- (5) Before making a determination for all [^{F25}[^{F19}development] corporations] the Secretary of State shall consult organisations appearing to him to be representative of [^{F25}[^{F19}development] corporations].
- (6) A determination shall be made known to the [^{F26}corporations] for which it is made in the year preceding the year of account for which it is to have effect.

Textual Amendments

- F18** Words substituted by [Local Government and Housing Act 1989 \(c. 42, SIF 61\)](#), s. 194(1), **Sch. 11 para. 81(1)**
- F19** Words in s. 425 substituted (1.12.2008) by [The Housing and Regeneration Act 2008 \(Consequential Provisions\) Order 2008 \(S.I. 2008/3002\)](#), art. 4, **Sch. 1 para. 15** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)**, (with arts. 6-13)

Changes to legislation: Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- F20** Words substituted by Local Government and Housing Act 1989 (c.42, SIF 61), s. 194(1), **Sch. 11 para. 81(2)**
- F21** Word substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 81(2)**
- F22** Words in s. 425(2)(b) substituted (1.7.1992) by virtue of Social Security (Consequential Provisions) Act 1992 (c. 6), ss. 4, 7(2), **Sch. 2 para. 70**
- F23** Words in s. 425(2)(b) substituted (1.4.1997) by 1996 c. 52, s. 123, **Sch. 13 para. 2**; S.I. 1997/618, **art. 2** (subject to transitional provisions and savings in Sch.)
- F24** S. 425(4) substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 81(3)**
- F25** Words substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 81(4)**
- F26** Word substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 81(5)**

Modifications etc. (not altering text)

- C5** Ss. 421–427A: by Local Government and Housing Act 1989 (c. 42, SIF 61), **s. 79(3)** it is provided that sections 421 to 427A of the Housing Act 1985 (which are superseded, in their application to local housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

F27 **426**

Textual Amendments

- F27** S. 426 repealed (1.10.1998) by 1998 c. 38, s. 152, **Sch. 18 Pt. IV** (with ss. 137(1), 139(2), 141(1), 143(2)); S.I. 1998/2244, **art. 4**

427 Recoupment of subsidy in certain cases.

- (1) Where housing subsidy has been paid to a [^{F28}[^{F29}development] corporation ^{F30}. . .] and it appears to the Secretary of State that—
 - (a) the purpose for which it was paid has not been fulfilled or not completely or adequately or not without unreasonable delay, and
 - (b) that the case falls within rules published by him,he may recover from [^{F28}that [^{F31}corporation]] the whole or such part of the payment as he may determine in accordance with the rules, with interest from such time and at such rates as he may so determine.
- (2) A sum recoverable under this section may, without prejudice to other methods of recovery, be recovered by withholding or reducing housing subsidy.
- (3) The withholding or reduction under this section of housing subsidy for a year does not affect the base amount for the following year.

Textual Amendments

- F28** Words substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 83**

Changes to legislation: Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- F29** Words in s. 427(1) substituted (1.12.2008) by The Housing and Regeneration Act 2008 (Consequential Provisions) Order 2008 (S.I. 2008/3002), art. 4, **Sch. 1 para. 16(a)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)
- F30** Words in s. 427(1) repealed (1.10.1998) by 1998 c. 38, s. 152, **Sch. 18 Pt. IV** (with ss. 137(1), 139(2), 141(1), 143(2)); S.I. 1998/2244, **art. 4**
- F31** Word in s. 427(1) substituted (1.12.2008) by The Housing and Regeneration Act 2008 (Consequential Provisions) Order 2008 (S.I. 2008/3002), art. 4, **Sch. 1 para. 16(b)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)

Modifications etc. (not altering text)

- C6** Ss. 421–427A: by Local Government and Housing Act 1989 (c. 42, SIF 61), **s. 79(3)** it is provided that sections 421 to 427A of the Housing Act 1985 (which are superseded, in their application to local housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

[^{F32}427A Entitlement to subsidy in case of land subject to management agreement.

[The fact that a [^{F34}[^{F35} development] corporation ^{F36} . . .] has entered into a ^{F33}(1)] management agreement, and any letting of land in connection with such an agreement

- (a) shall be disregarded in determining [^{F34}that [^{F37}corporation's]] reckonable income or expenditure for the purposes of housing subsidy, and
- (b) shall not be regarded as a ground for recovering, withholding or reducing any sum under section 427 (recoupment of housing subsidy).]

[^{F38}(2) Reference in subsection (1) to a management agreement includes a section 247 or 249 arrangement, as defined by section 250A(6) of the Housing and Regeneration Act 2008.]

Textual Amendments

- F32** S. 427A inserted by Housing and Planning Act 1986 (c. 63, SIF 61), s. 24(2), **Sch. 5 Pt. II para. 32**
- F33** S. 427A(1): s. 427A renumbered as s. 427A(1) (1.4.2010) by The Housing and Regeneration Act 2008 (Registration of Local Authorities) Order 2010 (S.I. 2010/844), art. 1(2), **Sch. 2 para. 18(a)**
- F34** Words substituted by Local Government and Housing Act 1989 (c. 42, SIF 61), s. 194(1), **Sch. 11 para. 84**
- F35** Words in s. 427A substituted (1.12.2008) by The Housing and Regeneration Act 2008 (Consequential Provisions) Order 2008 (S.I. 2008/3002), art. 4, **Sch. 1 para. 17(a)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)
- F36** Words in s. 427A(1) repealed (1.10.1998) by 1998 c. 38, s. 152, **Sch. 18 Pt. IV** (with ss. 137(1), 139(2), 141(1), 143(2)); S.I. 1998/2244, **art. 4**
- F37** Word in s. 427A substituted (1.12.2008) by The Housing and Regeneration Act 2008 (Consequential Provisions) Order 2008 (S.I. 2008/3002), art. 4, **Sch. 1 para. 17(b)** (with Sch. 2); S.I. 2008/3068, arts. 1(2), **2(1)(b)** (with arts. 6-13)
- F38** S. 427A(2) inserted (1.4.2010) by The Housing and Regeneration Act 2008 (Registration of Local Authorities) Order 2010 (S.I. 2010/844), art. 1(2), **Sch. 2 para. 18(b)**

Modifications etc. (not altering text)

- C7** Ss. 421–427A: by Local Government and Housing Act 1989 (c. 42, SIF 61), **s. 79(3)** it is provided that sections 421 to 427A of the Housing Act 1985 (which are superseded, in their application to local

Changes to legislation: Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

housing authorities, by that section 79 and sections 80 and 86 of that 1989 Act) shall cease to apply in relation to such authorities

Changes to legislation:

Housing Act 1985, Cross Heading: Housing subsidy is up to date with all changes known to be in force on or before 21 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act savings and transitional provisions for amendments by S.I. 2022/1166 by [S.I. 2022/1172 Regulations](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 81A-81D and cross-heading inserted by [2016 c. 22 Sch. 7 para. 4](#) (This provision is amended by 2021 c. 7, ss. 79(3), 90(6); S.I 2021/1038, reg. 3(c))
- s. 81B(1)(b) words inserted by [2018 c. 11 s. 1\(3\)](#)
- s. 81B(2A)-(2C) inserted by [2018 c. 11 s. 1\(2\)](#)
- s. 81B(2C) words substituted by [2021 c. 17 s. 79\(3\)\(a\)\(i\)](#) (This amendment not applied to legislation.gov.uk. The insertion of s. 81B by 2016 c. 22, Sch. 7 para. 4 is still prospective)
- s. 81B(2C) words substituted by [2021 c. 17 s. 79\(3\)\(a\)\(ii\)](#) (This amendment not applied to legislation.gov.uk. The insertion of s. 81B by 2016 c. 22, Sch. 7 para. 4 is still prospective)
- s. 81B(2D) inserted by [2021 c. 17 s. 79\(3\)\(b\)](#) (This amendment not applied to legislation.gov.uk. The insertion of s. 81B by 2016 c. 22, Sch. 7 para. 4 is still prospective)
- s. 82(A1)(A2) inserted by [2016 c. 22 s. 119\(2\)\(a\)](#)
- s. 82A(4A)(4B) inserted by [2016 c. 22 Sch. 7 para. 7\(2\)](#)
- s. 86(1A)(1B) inserted by [2016 c. 22 Sch. 7 para. 10\(3\)](#)
- s. 86(1C) inserted by [2016 c. 22 Sch. 8 para. 2](#)
- s. 86A-86F and cross-headings inserted by [2016 c. 22 Sch. 7 para. 11](#)
- s. 86G s. 86A renumbered as s. 86G by [2016 c. 22 Sch. 8 para. 3\(1\)\(a\)](#)
- s. 86G(8) inserted by [2016 c. 22 Sch. 8 para. 3\(2\)](#)
- s. 88(1)(ba) inserted by [2016 c. 22 Sch. 8 para. 4](#)
- s. 89(2A)-(2D) inserted by [2016 c. 22 Sch. 8 para. 5\(3\)](#)
- s. 97(1A) inserted by [2016 c. 22 Sch. 7 para. 12\(3\)](#)
- s. 99A(1A) inserted by [2016 c. 22 Sch. 7 para. 13\(3\)](#)
- s. 115B115C inserted by [2016 c. 22 Sch. 7 para. 15](#)
- s. 115B115C inserted by [2016 c. 22 Sch. 7 para. 15](#)
- s. 305(1A) inserted by [2023 asc 3 Sch. 13 para. 68\(b\)](#)
- s. 306(1A) inserted by [2023 asc 3 Sch. 13 para. 69\(b\)](#)
- s. 353A inserted by [1996 c. 52 s. 73\(1\)](#) (This amendment not applied to legislation.gov.uk. S. 73 repealed (6.4.2006 for E., 16.6.2006 for W.) by 2004 c. 34, Sch. 16; S.I. 2006/1060, art. 2(1)(e), Sch.; S.I. 2006/1535, art. 2(c), Sch.)
- s. 582(6)(aa)-(ac) substituted for s. 582(6)(a) by [2023 c. 55 Sch. 18 para. 4\(2\)\(b\)](#)
- Sch. 1 para. 1ZA and cross-heading inserted by [2016 c. 22 Sch. 7 para. 17\(2\)](#)
- Sch. 5A para. 3(3)(aa) inserted by [2023 c. 55 Sch. 18 para. 4\(3\)\(b\)\(ii\)](#)
- Sch. 5A para. 3(6A) inserted by [2023 c. 55 Sch. 18 para. 4\(3\)\(d\)](#)